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West Europe Report



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2 SEPTEMBER 1986

WEST EUROPE REPORT

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OZAL ON TRNC TRIP, PAPANDREOU'S 'LOGIC'

Istanbul TERCUMAN in Turkish 14 Jun 86 p 9

[Excerpts] Ankara (AA) -- In a speech given at a dinner held for members of the foreign press, Prime Minister Turgut Ozal asserted that there is absolutely no discrimination in eastern Turkey and said, "Today, we do not differentiate between Kurd and Turk in the region. Both are the same people. All are Muslim."

Last night at the State Guest House, Prime Minister Ozal talked with the foreign press who work in Athens and who are visiting Turkey by invitation. Ozal, who was surrounded by members of the foreign press upon their arrival at the State Guest House, chatted with journalists for a while.

In response to a reporter's question, "How is it that you can go to the TRNC [Turkish Republic of Northern Cyprus], which is recognized by no country other than Turkey, at a time when you are easing tensions with the EEC and when you are working to establish friendship with Greece?" Ozal said:

"Turkey recognizes the TRNC. We have an ambassador there. My going there is exceedingly natural. There is a Turkish community there. I wish to go and see what it is doing, to see what is happening from an economic standpoint in particular. The per capita annual income in the TRNC is very low in comparison with southern Cyprus. We have a responsibility to those people."

Papandreou's Logic

Ozal, who noted that there is no innate enmity between Turks and Greeks, that points of disagreement can always be found between neighboring countries, and that it is always politicians who make these issues insoluble, said, "I believe that problems between us can be solved easily if politicians act in accordance with the people's true feelings."

Ozal stated:

"Papandreou's logic prevents development of relations. He says that it is necessary to solve the Cyprus problem to benefit Hellenism before the Aegean problem can be discussed. If we reverse this using the same logic and from our point of view, it is necessary for us to say that the Aegean problem must first be solved to the advantage of Turks in order to solve the Cyprus issue. Will this bring us peace?"

Call to Papandreou

Ozal, who reported that he wishes to make another call to Greek Prime Minister Papandreou through the members of the foreign press, concluded his speech saying, "The ultimate interpretation of his rejecting a dialogue is that it demonstrates his own lack of political power and, rightly so, security. For this reason, I request that Papandreou not test Turkey's patience, in the face of provocation, nor its sincerity in working toward establishing good relations with Greece."

11673

CSO: 3554/108

BRIEFS

FAEROES' REPUBLIC PARTY CHAIRMAN--The Faeroe Islands' Republic Party has elected a new party chairman, Signar Hansen, who is from Fuglafird. Signar Hansen took office on 3 August and succeeds Erlendi Paturssyn. Signar Hansen is 41 years old and is a teacher by profession. He sat in the Faeroe Islands Parliament (Thing) from 1970 to 1984, and declined to stand for reelection in 1984. Taking over Erlend Paturssyn's seat in Parliament is Hans Jacob Debes, a high school teacher in Hoydal. (From DIMMALAETTING) [Text] [Reykjavik MORGUNBLADID in Icelandic 6 Aug 86 p 28] /12232

CSO: 3626/44

DISARMAMENT IS ONLY ONE PART OF EAST-WEST PICTURE

Hamburg DIE ZEIT in German 27 June 86 p 5

[Article by Kurt Becker: "Hopes for Detente: In an Independent Role: Bonn's Special Interest in Disarmament"]

[Text] It is traditional in Bonn to measure the quality of the East-West relationship first and foremost according to prospects for an arms limitation, and lately even according to prospects for disarmament. Helmut Kohl and Hans-Dietrich Genscher do not miss a single opportunity to hold forth the seriousness of the Soviet disarmament offer for nuclear weapons, and now of the Budapest Declaration by the Warsaw Pact states on conventional disarmament as well. And they do so with a sense of relief, because, unexpectedly, President Reagan now sees a possible turning point in these proposals as well.

Another particular characteristic of Bonn's interest in a reasonably promising continuation of the negotiations is the fact that it does not view disarmament as a valuable goal in and of itself, but moreover--to a much more pronounced extent than other partners--is concerned about the driving force that could radiate from disarmament results to the area of general cooperation with the East. This is shown most clearly in Genscher's continual plea for the revival of the policy of detente. It is betting on a breakthrough to "new shores." Germany's geostrategic position and the existence of two German states set standards for Bonn's disarmament policy that are in no sense always shared by our allies or even at least taken into consideration.

The West German government must hope and attempt to see to it that the United States fulfills the premises for promising negotiations, because otherwise the goals of disarmament, which primarily relate to Europe, would remain hollow words, even if it is a conventional disarmament from the Atlantic to the Urals, as Soviet leader Gorbachev has proposed. Because experience has shown that the forces reductions negotiations in Vienna (MBFR) as well as the Stockholm forum, where trust-building measures for Europe are to be decided upon, are both in the doldrums, and that this is because a rapprochement between the big two in strategic questions has not yet come to pass.

For this reason, Bonn's role in the disarmament business consists of working on the creation of a consensus with the United States. At the moment, the fundamental conditions being promoted by our European allies as well are: no

violation of the Anti-Ballistic Missile Treaty (ABM) with the USSR, and an acknowledgement in principle of the SALT model for arms limitation and disarmament. Otherwise, the dialogue with Moscow would dry up. At a time at which criticism of Washington is growing on all sides and conversely the tendency in the White House to make unilateral decisions in the alliance is also increasing, this attempt at a conceptual rapprochement is a continual tightrope act. On the one hand, the West German government cannot, for reasons of security policy, neglect intellectual affinity with Washington. On the other hand, it must be able to participate in the overall strategy, because it has assumed the lion's share of the conventional defense of Western Europe.

Unfortunately, it is precisely in this regard that European unity is lacking. It is true that the Europeans have managed to establish a high-ranking group of experts within the alliance so that a joint negotiating position vis-a-vis Gorbachev's proposal for a conventional disarmament can be drawn up. But nowhere is there a precise idea of the form of desired stability.

The response to Gorbachev's Budapest appeal is a matter for the alliance, but it would seem reasonable for Bonn to come forth with an exceptional wealth of ideas, because of its tradition as spokesman for the reduction of forces in Central Europe and as the state most affected by this. It is true that the Soviet offer raises many questions, but the positive assessment carries weight. This refers to the Soviet willingness to see plans for disarmament, which were previously geared exclusively to nuclear arms, expanded to the important components of conventional arms. Through this, the objection that Gorbachev is ignoring the conventional superiority of the Soviets and concentrating exclusively on nuclear disarmament is no longer applicable. Furthermore, the Soviet leader is confronting the traditional objection that the region thus far foreseen for reductions in forces within the framework of MBFR--from the Rhine to the Bug--is too small geographically; in view of present-day transport possibilities, the important Western negotiating goal of making a standing Soviet attack impossible is allegedly sheer illusion. And finally, the Soviets have replaced the hitherto pursued upper limit for conventional forces with the concept of a reduction in several phases, ultimately to 500,000 troops on each side.

On the other hand, however, Gorbachev's proposed involvement of the neutral states in the negotiating process is not without its problems. How will their arms potential be calculated? Not insignificant is also the fact that no Western European medium-sized power is as interested in conventional disarmament in equally political and military terms as is the FRG--least of all France, our most important European partner. The reciprocal reduction in forces vehemently championed by Bonn was always a thorn in the side of former President Giscard d'Estaing. He feared that a European region with a special status of armaments could develop into a separate political league of states. In particular, however, a watering down of the German approaches was not in keeping with his security policy or with the priority of nuclear armament, which continues to this day and which has always taken place at the expense of conventional weapons. The question is which of these reservations will continue to apply even if the region of conventional disarmament now extends from the Atlantic to the Urals.

Nowhere are the variations of conventional disarmament linked so intensely with the hope for stabilization in Europe, for detente and for cooperation with the East, as they are in Bonn. The reduction of forces at one time even seemed to be a Western boost to the attempt to find a political balance in Europe. Especially since the FRG was involved in the drafting of this plan. Almost all differences in Western disarmament policy can today be traced back to the enormously divergent assessments of Soviet policy. They are one of the main causes of the transatlantic conflicts, because the White House does not think much of detente. It is not even making the attempt any longer to employ disarmament policy as a lever for international moderation of the USSR. This naturally makes cooperation within the alliance difficult. And yet the question remains of whether Gorbachev's method of publicly pursued diplomacy is not oriented towards continuing to pursue the old goal of increasing the already-existing political distance between Europe and the United States--and in particular of tempting Bonn to seek unusual possibilities in the area of disarmament in order to alleviate the antagonism between East and West.

There is a price to be paid for our special geographic and political position. Bonn must give special priority to disarmament and correspondingly assert its influence in the alliance. But the limits are also to be considered. They are to be found at the point at which Bonn is threatened by isolation.

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CSO: 3620/763

VENNAMO FATHER, SON DISPUTE THREATENS RURAL PARTY

Parliament Group Backs Son

Helsinki HELSINGIN SANOMAT in Finnish 16 Jul 86 p 9

[Article by Jouni Tervo: "Pekka Vennamo Accuses His Father of Setting Up a Shadow Party Leadership; Veikko Vennamo Denies Quarrels"]

[Text] Seinajoki—On Tuesday the Finnish Rural Party's (SMP) parliamentary delegation announced that it unanimously stood behind Pekka Vennamo's chairmanship. In the delegation's opinion, there is no reason to change party chairmen. The delegation did not, however, make the party leader any public promises that it would put a stop to its solo performances in Parliament.

Parliamentary delegation chairman Veikko Vennamo explained that Pekka Vennamo's announcement of his resignation is due only to pressure from the government parties, not to the party's internal conflicts.

"I strongly emphasize that the SMP is united. There are no differences of opinion between Pekka Vennamo and Veikko Vennamo in decisions on issues. The party is firmly in the hands of the chairman, the party administration and the party secretary," Veikko Vennamo said. Last week he criticized party secretary Aaro Niiranen for belittling their parliamentary representatives.

To guarantee party unity, Veikko Vennamo himself requested that he be relieved of his duties as chairman of the parliamentary delegation when the delegation traveled by parlor car from Helsinki to Seinajoki for the summer conference. The delegation did not, however, adopt a position on Veikko Vennamo's resignation request on Tuesday.

For the present, Pekka still heads the SMP and Veikko Vennamo the party's parliamentary delegation.

"One Has to Give Way"

The SMP parliamentary delegation had occasion to discuss the question of the chairmanship and the delegation's behavior when, fed up with the delegation's "soloists," Pekka Vennamo announced in an article published in TURUN SANOMAT on Tuesday that he was resigning from his duties as party chairman.

According to Pekka Vennamo, the SMP parliamentary delegation is in the process of splitting in two: Some behave as they want to and others bear the responsibility for this. The conflict has arisen due to the SMP's presence in the government. They all declare that they are in favor of remaining in the government, but "not all of them are nevertheless prepared to behave accordingly." Accusations have been leveled at Veikko Vennamo "and his soloist buddies."

"Such a situation is untenable," Pekka Vennamo wrote.

In Vennamo's opinion, the party has for a long time now been led from two places: from the party administration, headed by Pekka Vennamo, and from the parliamentary delegation, headed by Veikko Vennamo, on the other hand. Pekka Vennamo called the parliamentary delegation executive committee, its leaders, "a shadow party administration."

"Views on how we should act have been constantly drifting farther from one another. This situation is splitting the SMP in two. Supporters do not, of course, know what to do. The situation can only be resolved by one of us' giving way."

"I'm Tearing Myself to Pieces"

"After long and serious deliberation, I have decided that I cannot go on as chairman of the SMP. If the present situation continues, it will lead to my tearing myself to pieces. I am even losing my ability to maintain contact with those dearest to me, my wife and children. I do not want to follow in my father's footsteps in this respect," Pekka Vennamo wrote.

"There are many capable candidates for the chairmanship in the SMP," Pekka Vennamo giped in his article and proffered the most ardent soloists of the spring session in Parliament: Pentti Skon, Reino Jyrkila, Helvi Koskinen and Pentti Kettunen.

"There will be no more problems with the parliamentary delegation," Vennamo argued in justification of those he had proposed.

Pekka Vennamo was not present at the Tuesday delegation meeting in Seinajoki, the meeting at which the TURUN SANOMAT article was clearly aimed. The chairman is on vacation in Turku. As far as is known, he warned the delegation leaders of his article beforehand on Monday.

Pekka Vennamo did not want to explain on Tuesday or any further state the reasons for his resignation threat. "I don't want to say anything more."

At a parliamentary delegation press conference, Minister Urpo Leppanen, who served as moderator, said that the party stood behind both Vennamos. He also denied that there were any differences regarding policy within the party.

"The party is united and the parliamentary delegation is united. Pekka Vennamo merely felt that there was reason for explaining things in a few individual

instances. They do not pose a threat to unity, but they certainly do irritate the other government parties. Pekka Vennamo has to represent the party in the government and that heaps additional pressures on his head," Leppanen explained.

According to Leppanen, SMP members should apply "reciprocal human means" to interpret Pekka Vennamo's frame of mind before the party congress, which is to be held in Jyvaskyla in early August.

The parliamentary delegation has not, however, assumed a position on Veikko Vennamo's resignation announcement. They explained that the reason was that now is not the right time for it since Parliament is on summer vacation. Nor did Veikko Vennamo deign to comment further on his request, instead quickly absenting himself from the press conference to get to the airport. So Veikko Vennamo's resignation announcement will have to wait for Pekka Vennamo's final decision. That will become clear at the latest on 9 August in Jyvaskyla.

Soloists Remain Silent

The solo performances of the SMP delegates consisted of resolutions involving government motions during the spring session or objections to them or refusal to vote on them.

On Tuesday Pentti Kettunen, one of the soloists alluded to by Pekka Vennamo, protested that he hoped Pekka Vennamo would stay on as chairman despite his criticism of them.

"The man is still so young — younger than I — and has done a good job, one that is, however, only beginning. I'm not about to bet on whether he will stay on as chairman, but I hope he does."

In Pentti Skon's opinion, the row that has now arisen stems from the fact that the objectives of the government platform have not been achieved as was hoped for in Parliament. "It is tension directed against our own people within the parliamentary delegation," he said.

Helvi Koskinen, whose revolt against the dual pricing system for milk particularly irritated Pekka Vennamo, was not present at all at the press conference. Even Jyrkila, who at the time had backed Koskinen, sat in silence on a back seat of the auditorium.

Generational Conflict Reemerges

Helsinki HELSINGIN SANOMAT in Finnish 1 Jul 86 p 9

[Commentary by Arto Astikainen: "Unsuccessful Change of Generations"]

[Text] Chairman Pekka Vennamo and honorary chairman Veikko Vennamo's threats to resign, issued on Tuesday, revealed to everyone that the change of generations in the Vennamo situation is not yet successful, not even after 7 years.

Veikko Vannamo left his party to Pekka in 1979, but the Vennamos have not been able to agree on who the real boss is and on which ways policy will be pursued.

On top of everything, its entry into the government has made a two-headed creature out of the SMP: On one neck Pekka Vennamo is trying to pursue a responsible government policy with the aid of the party bureau, while on the other neck Veikko, Sr, along with his parliamentary delegate assistants, is fishing for votes by means of the old tricks of the party's time in the opposition" tough propagandistic demands, resolutions, protests and by voting against [the government].

Pekka Vennamo certainly meant it when he wrote that the SMP situation is untenable.

No party leader can endlessly stand for a "shadow party administration's" playing an active role in the party, for some of the party's parliamentary delegates' constantly undoing agreements the chairman has concluded in the government. He loses power and credibility thereby.

Pekka Vennamo has a solution to the SMP's problem of two heads: One of the heads must be cut off.

Pekka is offering his own head, but he, of course, means it to be the other one, the parliamentary delegation's "shadow party administration."

The party leadership must be put into the hands of the party leaders, not those of the parliamentary delegation. You must put a stop to solo performances in Parliament. Otherwise you can get yourselves a new chairman. This is surely how we are to read Pekka Vennamo's message.

Pekka Vennamo is trying to restore power to himself through the announcement of his resignation and ensure his chances of working in the government for the trials of the fall budget debate and winter elections.

A year and a half ago he threatened to resign from his ministerial duties in TURUN SANOMAT following Veikko Vennamo's solo performances of the time if the parliamentary delegation did not get into line. Veikko and his pals could not line up for very long.

Politicians' threats to resign are generally not very believable. Urho Kekkonen used them both publicly and in small groups to promote what he wanted and resignation speeches are not completely foreign to followers of Vironlainen and Vayrynen either. We recall that Ahti Karjalainen also once threatened to resign from a ministerial post unless his old buddy, Pentti Pekonen, got the post of communications minister.

No one has ever voluntarily resigned from anything.

Pekka Vennamo may leave the SMP leadership at the party congress in Jyväskylä in August if things do not go as he would like them to, but he will certainly not voluntarily leave the party in the hands of the solo quartet of Pentti

Skon, Reino Jyrkila, Helvi Koskinen or Pentti Kettunen before the elections. Each of them is capable of destroying even a stable party in a moment.

The fact that he has rudely dug up and exposed to public scrutiny the Vennamos' old family problems makes Pekka Vennamo's resignation announcement more serious than the last time. From his summer vacation spot Pekka has declared that he has no intention of following in his father's footsteps in one thing. He does not intend to lose contact with his family, his wife and children, for the sake of politics.

Newspapers Around Country Comment

Helsinki HELSINGIN SANOMAT in Finnish 17 Jul 86 p 7

[Editorial roundup]

[Text] Pekka Vennamo's announcement that he would give up his duties as chairman of the SMP if the shadow administration led by Vennamo, Sr, did not get into line was a subject of lead articles on Wednesday. Many feel that Pekka Vennamo's decision is understandable. A difference of opinion seems to prevail primarily as to how seriously the announcement of his resignation should be taken.

Vennamo Versus Vennamo

According to the independent ETELA-SUOMI, which appears in Kotka, Vennamo has quite rightly brought matters to a head: either he or his father, but not both of them simultaneously.

"Pekka Vennamo's chance of preserving his political credibility lies only in his carrying out a change of generations and kicking the whole ostentatious old guard of pensioners founded on grudge-holding out along with his father. That is certainly a difficult job.

"While the initial reactions produced by Vennamo's Tuesday announcement do appear to be particularly vehement, we should bear in mind what is at issue. The SMP does not have an up-and-coming leader who would be capable of taking over the reins if Pekka Vennamo should surrender them. Everyone knows very well that the choice must be made this very summer within the family and, since we know just as well that there is no returning to the past, only one alternative remains. Pekka Vennamo knows this too.

"There is no threat to Pekka Vennamo's position as chairman of the SMP if only he himself wants to stay on. It will now be interesting to observe how the SMP's old guard will finally be beaten," ETELA-SUOMI writes.

V. Vennamo's Moment of Truth

In a bull fight the "moment of truth" is a situation in which the matador and the bull come into contact with one another and only one of them walks out of the bull ring. According to Bjorn Mansson of the Helsinki independent HUFVUDSTADSBLADET, the "moment of truth" has now come for Veikko Vennamo.

"There are high stakes in the game Pekka Vennamo has entered into. No less than the party's existence is at stake. It is almost impossible to think of the SMP without Vennamo. Or can anyone imagine Leppanen, the explainer, for example, as chairman?

"The moment of truth has come for old Veikko Vennamo. If he wants to save the party he himself created, he should know enough to retire. He can scarcely detest his own son so much that he would let his life's work go down the tubes.

"Whether it is worth saving is, of course, an altogether different matter. But the voters will have to settle that question," Bjorn Mansson writes.

This Way or That Way, Always the Wrong Way

According to the Centrist LALLI, which appears in Kokemaki, Pekka Vennamo's gamble is surprising, although at the same time understandable.

"Pekka Vennamo has tried to make of the SMP a party that is to be taken seriously, one that really tries to influence the course of events. He has handled his ministerial duties with the same kind of approach and has reasonably well succeeded at it.

"Veikko Vennamo's old salt has not stopped making people thirsty. He has preserved the character of the SMP as a noisy protest party and enthusiastic supporters have been found for him particularly in the party's parliamentary delegation. This has resulted in repeated clashes between the SMP and the other government parties, specifically in Parliament.

"No matter what Pekka Vennamo decides, it will not get rid of the SMP's problem. A conflict yawns before the party congress delegates: Will they try to influence events as a government party and act accordingly in Parliament too? Or will they go back to the ways they behaved in the past, to the role of a mongrel dog? There is no third alternative, a compromise line, to choose from," LALLI writes.

The minority Communist TIEDONANTAJA, which appears in Helsinki, views the dispute between Vennamo, Sr, and Vennamo, Jr, as a conflict between tactical election maneuvering and government politicking.

"In Finland resignation announcements are a relatively common way of politicking, testing one's support and strengthening one's position. Deputations of the faithful, petitions and cajoling usually follow the resignation announcement, after which the party who is resigning is prevailed upon to withdraw his terrible threat for the sake of the common interest.

"Pekka Vennamo too would undoubtedly in part hope for such a fate. The bitter tone of his article published in TURUN SANOMAT nevertheless reveals the fact that the creation of a situation within the SMP that would enable him to return will not be a simple matter.

"Experienced Vennamo, Sr, smells protest in the air and he knows that they will not get at it by participating in government policy. Ready to agree with any government party whatsoever on behalf of his policy, Vennamo, Jr, on the other hand, thinks that, if because of its maneuvering the SMP should be tossed out of the government in the fall, it would probably no longer have any reason to be a part of it. Whether you do it this way or that way, you always do it the wrong way," TIEDONANTAJA writes.

Pekka: Also Quitting Ministry

Helsinki HELSINGIN SANOMAT in Finnish 18 Jul 86 p 9

[Text] More clearly than before, SMP chairman Pekka Vennamo has shifted the responsibility for the party's squabbles and the blame for his resignation announcement to his father, Veikko Vennamo.

In an article published in the SMP's SUOMEN UUTISET on Thursday, Pekka Vennamo said that the party is being driven into a situation in which its parliamentary delegation, or in practice Veikko Vennamo, is alone dictating what the party leadership has to do.

Fed up with the situation, Pekka Vennamo also reiterated his decision to give up the party chairmanship. He announced that he will also resign from his ministerial post.

"When the chairmen of all the other government parties take their places in the government, a new SMP chairman, to be elected as a matter of course, will also step into my place in the government."

Vennamo's resignation announcement will be definitively settled on 9 August in Jyväskylä, where the SMP will be holding its party congress. They intend to discuss Veikko Vennamo's request to resign from his post of chairman of the parliamentary delegation at the start of the fall session in Parliament on 16 September.

In his article Pekka Vennamo accused his father of attempting to shift the power from the party administration to the parliamentary delegation after the change of generations that took place in 1979.

"When Veikko Vennamo was chairman of the SMP, the party administration was the one whose decisions had to be complied with. At its most critical point, the situation resulted in the party administration's expelling the majority faction of the SMP parliamentary delegation because it was not willing to comply with the wishes of the party administration.

"The present situation is such that the party administration has to comply with the wishes of the parliamentary delegation, that is, Veikko Vennamo. If this does not happen, the party administration is full of Pekka Vennamo's puppets, who don't know anything about politics. Maybe this is why I have to step down," Pekka Vennamo wrote.

Chairman Kept in the Dark

In Pekka Vennamo's opinion, the oft agreed-on principle that the chairman be advised beforehand of the parliamentary delegation's intentions has not been practiced. This has given opponents of the SMP, particularly Prime Minister Kalevi Sorsa, an opportunity to humiliate the party time after time.

The last time this happened, in Pekka Vennamo's opinion, was in connection with the controversy over the nuclear power resolution last spring. "At the time the purpose of Veikko Vennamo, who displayed victory signs, was to get the SMP party administration to order Pentti Kettunen to withdraw his resolution. Thus a situation would have been created in which the parliamentary delegation would have presented itself as an opponent of nuclear power, but the party administration would have kept the SMP in the government."

Pekka Vennamo also takes offense at claims that the SMP is in the government only because "those boys like to be in the government."

"From the SMP's standpoint this notion is destructive, since I don't really want to be in the government for the sake of money or any other personal gain," Vennamo said. "I believe in the legitimate ideals of the SMP and I stick to that view, even though I am withdrawing to the fold of those dearest to me, my wife, Pirjo, and my children, Kukka, Noora and Mimma."

The article was probably written on Tuesday before SUOMEN UUTISET went to press, but Pekka Vennamo was no longer willing to be more specific than that when the paper appeared on Thursday.

Skon: "I'm the Object of Crude Ridicule"

Member of Parliament Skon was offended to the quick by chairman Pekka Vennamo's public criticism.

Vennamo glibed at Skon and the other parliamentary delegation soloists: Reino Jyrkila, Helvi Koskinen and Pentti Kettunen, by dubbing them as the worthiest candidates for the chairmanship.

"As for me, I assure you that I have under no circumstances ever even dreamed of nor even imagined myself in positions of trust in the SMP, not even in the post of vice chairman," Skon wrote.

"If someone were to suggest it even in jest, I would flatly refuse and I consider such suggestion to be crude ridicule directed at me."

Skon complained that representatives elected by the people no longer seem to have any importance since the government parties break jointly concluded agreements. "When some members of Parliament try to implement a government platform, they are referred to as soloists."

"I ask whether we behaved improperly or contrary to the SMP and the government's platform when we defended low-income wage-earners by voting against

elimination of another [cost-of-living] index review for pensioners, for having voted against partial individual responsibility for hospital expenses, for having voted against individual responsibility for interest on debts," Skon asked.

In Skon's opinion, Pekka Vennamo ought to have his own policy rated in the party organs. "If party members endorse the chairman's proposal and decide to continue to be submissive to Sorsa, I will have to look into my own state of affairs."

Country's Leading Newspaper Comments

Helsinki. HELSINGIN SANOMAT in Finnish 19 Jul 86 p 2

[Editorial: "Family Party's Drama and Problem"]

[Text] The clashes between the chairman of the SMP and the chairman of the party's parliamentary delegation -- Pekka and Veikko Vennamo, son and father -- have come to a head in the form of a dramatic decision. The facts and probable economic background factors enumerated in Pekka Vennamo's announcement of his resignation are now such that it can no longer be only a question of the usual threats. Pekka Vennamo has staked his political credibility on this. At the same time the SMP's existence is in the balance.

Created by Veikko Vennamo, the SMP has from the beginning been an exceptionally feverish party. Its initial success was chiefly based on Veikko Vennamo's grudge against Kekkonen for the errors committed "by the old parties" and on his unbeatable nose for politics. Later, however, the party obtained the support of moderates as well.

In a way Pekka Vennamo came to an already-laid table when he began to pursue politics. He has demonstrated his ability to cooperate, but he has been unable to do anything about the fact that the SMP's roots are still in the political thinking and ways of doing things marked out by his father.

But time does its work in a family party too. When Veikko Vennamo announced that he would no longer run as a candidate in the next elections, new prospects opened to Pekka Vennamo to change the SMP to conform to his own moderate approach. As a Vennamo, he revealed this breakthrough in a fascinatingly dramatic way. Evidently, the pressure of events has been personally really hard on him. It was politically of most importance to demonstrate to its government partners and voters, who are fed up with the SMP's double-dealing, that Pekka Vennamo's alternative after the elections will be a new and reliable SMP.

Pekka Vennamo's choice must also have been based on the miserable prospects for the future produced by an analysis of the party. Veikko Vennamo has certainly attracted demagogues and soloists who openly sit on both sides of the fence to the party. But he has no successor with the drawing power he has. Producing support must for this reason be based on a new strategy.

The SMP's serpentine past warns us not to underestimate the abilities of a politician by the name of Vennamo to change and respond to new challenges. Indeed, the past also tells us that the birth of the party was in its time based on personal contrasts. Many people are now preparing themselves for the cycle to complete itself as it came into being and for SMP supporters to go back to where they originally came from. It would, however, be surprising if, despite his firm intentions of resigning, Pekka Vennamo were to in this way consent to "losing himself" in the life's work of the party.

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CSO: 3617/146

PASOK ALLEGED TO USE ALL MEANS TO WIN ELECTIONS

Athens I KATHIMERINI in Greek 22 Jul 86 p 5

/Text/ Everything indicates that until the day of the elections, PASOK will develop an extensive, multilateral, multiform and unhesitant campaign to win the municipal elections, adulterating the electoral result. Of course, we do not mean stuffing the ballot boxes that concerns the day and especially the night of the elections, but the adulteration of the public will by buying out individuals, groups and categories of voters with individual, group or wider "grants". Grants of every kind and form; from the gift appointment of a daily salaried night watchman to the free stay in Greece of residents abroad who have not served their tour of duty in the military until the end of November for.. summer vacation, with the (rather degrading for the "beneficiary") expectation that he will reciprocate by voting for his benefactors. And PASOK does not appear to be inclined to stop anywhere; it will not respect formality, nor rule, nor anything. Everything is done for the final victory that is far from its expectations this time. Exactly for this reason it has engaged in this improbable and original campaign.

It would be good, however, for the opposition to know that its greatest effort should be exerted not to convince the people of its justice, but to discover, prosecute and stop the unhesitant campaign by PASOK to buy out the voters, selling positions, offices, illegal buildings, lots, for the votes of its chosen.

All these are not strange or unusual for PASOK, but very well known and very usual, having applied them well during the parliamentary elections of 1985. They are strange to our political scene and that is why they were not recognized immediately and not confronted strongly and to the extent they should have been during last year's parliamentary elections. At the present time, however, there are many who believe that PASOK owes its victory in the parliamentary elections last year to the unhesitant and well organized campaign of this kind, and of course in the adulteration of the electoral lists as Mitsotakis accused in parliament, providing the respective evidence.

If one compares the pre-election circumstances of Jun 85 of the parliamentary elections with the circumstances of the present elections as they may develop by next October when municipal elections will be held, one realizes how much more PASOK will have to do to "convince", buy out and pander.

Compared to the present one, last year's political image was idyllic for PASOK.: the facade of the economy was kept almost uncracked (with various tricks that we are paying for very dearly now), the government structure did not have any obvious large breaches, the party group had not yet shown such large indications of collapse (just take the persecutions of the Arsenis family) and the PASOK propagandists could deceive the public, asking them to vote for "even better days". And despite all this, they revelled. What should we expect now? What we should expect with certainty is that PASOK will not cringe before anyone. It will do anything so that its candidates will not lose the municipalities, because it knows very well that an impressive loss of the large municipalities will surely, sooner or later, have political repercussions. It will influence developments. It will be the beginning of the definite end of PASOK. It will begin to close the PASOK recess.

PASOK cannot accept this easily. It would be wise for the opposition not to forget this in any case.

Besides, this is obvious from the entire attitude of PASOK, from everything it said as the opposition and from everything it did as the government, that define clearly its twin target: coming into power (as the opposition), keeping in power (as the government). Everything it said as the opposition was nothing else than the effort to buy votes, an effort that was successful. It is certain that PASOK and its leader never were concerned to think whether what they were saying, what they were promising as the opposition would materialize. And it is equally certain that the only criterion they used for all they did as a government is whether it would help them maintain power.

It is also certain that never had a Greek party fight in such a way to maintain power. In other words, no Greek party was so afraid of losing power.

Why PASOK is so afraid of losing power is its business. At least for the present. What it will do, however, not to lose power, especially during this pre-electoral period is the business of the government officials who are responsible for maintaining legality, the opposition that is responsible for the function of our parliamentary form of government, and the democratic sensitivity of the Greek people, that decides the future and the democracy and the country, that are the same anyway.

9346

CSO: 3521/211

OZAL GRANTS INTERVIEW TO TWO GREEK MAGAZINE EDITORS

Athens POLITIKA THEMATA in Greek 4-10 Jul 86 pp 23-27

[Interview by Dimit. Kousoulas and Andr. Politakis with Turkish Prime Minister Turgut Ozal in Ankara]

[Text] Two long-time editors of POLITIKA THEMATA met with Turkey's Premier Turgut Ozal on the afternoon of Tuesday, June 24 in his official residence. Also present at the interview were Deputy Minister to the Premier Masut Uilmaz, Office of Information Director Tuncer Topur, Foreign Affairs Advisor Gunduz Aktan and three other officials. The interview lasted 45 minutes and was tape recorded.

Politakis: Mr Prime Minister, we would like to thank you for accepting the request of the magazine POLITIKA THEMATA in granting this interview. As you know, the main problem in Greek-Turkish relations is how to change this climate of mistrust and suspicion--and I might say of fear--which now exists. Any statement and action which could contribute to the removal of this suspicion and mistrust would be very important. In this spirit I would like to ask this first question.

We hear continuously in Greece that Turkey constitutes a visible threat and a present danger for Greece. Everyone in Greece believes there is a threat against the Greek islands in the Aegean and against Western Thrace. I would like to ask you, is Turkey threatening Greece? Has Turkey abandoned in this respect the policy of Kemal Ataturk?

Ozal: Let me tell you that there is no historical evidence that Turkey ever attacked Greece since the war of your independence. If you examine history you will find that the attack always came from Greece against Turkey. Even the last incident in Cyprus was an attack planned by the Greek colonels.

For this reason the view that Turkey is a threat to Greece is not valid. It has no foundation, but the question is what we do now.

In Greece there is the impression--I heard this from your ambassador recently--that Turkey is about to attack Greece. I am amazed. I believe we must correct this impression. Both sides must correct this impression. In our country we do not teach our children that Greece is our worst enemy. Maybe we teach some historical fact on the war in Anatolia. Maybe. Nothing

more. If you study our history books you will not find...No. But let us come to your side. If it happens in Greece...if the people believe there is a threat from Turkey, maybe this happens because of what is being taught very early [in school]. Check what is being taught in your primary schools. Or what the newspapers write in your country. How many books against Turkey? In Turkey there are but a few books against Greece.

Kousoulas: No doubt history plays a role. But I believe the perceptions which exist today in Greece are not related to history. They are related to present or at least very recent history. For example, almost every week Greek newspapers publish reports about the flights of your aircraft which violate our airspace. They write about the Army of the Aegean. They go back to the question of Limnos.

We hear that the Turks try to expand their control over the Aegean. In other words, the perception exists--maybe unjustified, but you know that in politics perceptions create reality...In Greece housewives and store-keepers are convinced, I should say, that there is a threat. For this reason I was hoping that today during our discussion here you would give us some indication--we do not expect you, of course, to start negotiations with us--but to give us an indication as to how a solution could be found to the problems which poison relations between our two countries.

Ozal: Let me tell you that this is what I had in mind when I first came to power and I extended an olive branch to Mr Papandreou. The main reason was, as you said, the suspicion which existed for so many years. It is true. We do not trust each other. For example, we try, both of us, to see what is behind every action of the other side. So I said, let us see how we can begin.

The most difficult problem is to find a solution. I know the problem of Cyprus--and the problem of the Aegean. These are difficult problems, especially when there is no trust. They cannot be solved unless we start talking about them face to face. For this reason I tell you. Let us do something that could help build mutual trust, first of all.

Why, you know, these problems--how many years have passed, 15, 20? So, why not let them stay for another 3 or 4 years. Let them freeze. Let them freeze while we try to find other areas to develop mutual confidence. What areas? Maybe in the economic area. Maybe in tourism. Maybe we do something in what I mentioned earlier. Have independent studies by sociologists, to learn the real cause, to see what mistakes we made 25 years ago, and how we can correct them. As you said, when taxidivers, housewives and shopkeepers believe Turkey is a threat, then there must be a reason...

Kousoulas: Precisely...

Ozal: ...and we must examine the reasons. then we may be able to overcome the difficulties. We may discover that the best way to solve some of these problems is to start to make some progress...

Kousoulas: You mean by concentrating on less vexing, less difficult problems?

Ozal: Yes. For this reason we should start to build a climate of mutual trust. Let me tell you something else. When I decided to abolish visas for Greeks visiting Turkey, I had many objections from my friends. They said, why do this when the other side is not going to do the same...I believed that to reduce tension I should do it. There are other ways. The school books I mentioned earlier. And the newspapers. I want to say that it is not only the politicians who must work for the solution of these problems. But the politicians play the dominant role. We are in a different camp than Mr Papandreou in the area of ideas. He is a socialist. I am not. We belong to the Democratic Union in Europe like Mr...

Kousoulas: Mitsotakis...

Ozal: Mitsotakis, and Clerides in Cyprus. Mr Papandreou is in the other camp. There must be some differences of opinion. But I have studied some of Mr Papandreou's speeches. I think he has a chance, he has a better chance than others--I do not want to say that Mr Mitsotakis does not have a chance--but he has a better chance to correct the situation between Turkey and Greece, and be proud of it.

Kousoulas: Mr Prime Minister, in what you said I noticed one of two points which appear hopeful. I would like to explore them further. First of all, you spoke of freezing the problems which are most difficult for 3 or 4 years. I assume that with this freezing you imply that your side will stop...Let us take for example the flights of your planes over the 10-mile limit. Does it mean that with this freezing, at least during the next 3 or 4 years, this will stop--while efforts will be made to improve relations between the two countries? Is this what you mean by freezing?

Ozal: What I mean is that we will sit down and discuss it. Here tonight I simply want to show you my good intentions. I do not know exactly what form this freezing will take. This we shall discuss, we will make presentations on both sides. Probably at the beginning there will be no change, but to solve some of those problems let us leave things as they are for awhile, since this situation has lasted for 20 years.

Kousoulas: And while we build these bridges of mutual trust will you stop what we in Greece consider provocations? For example, will you, "for the time being I will not send my aircraft through your airspace?"

Ozal: The most important thing is not the 10-mile limit or its crossing. The most important thing is to start steps which will help in building trust. I am sure that when we have this trust, some of the things you mentioned will be done.

Kousoulas: I must tell you that there will be people in Greece who will say that the freezing you propose is designed to gain time and get into the European Community. And then... For this reason I would like to ask you, will these things take place in a short...

Ozal: ...early...

Kousoulas: ...interval of time?

Ozal: Yes. Early in the discussions. Yes.

Kousoulas: A second point. You spoke of economic areas and cooperation. Let us take the question of the continental shelf. It is indeed difficult to define a dividing line. This brings to mind the case of the Ruhr and Alsace and Lorraine. For generations France and Germany shed much blood fighting over this area. Finally they decided to exploit the resources of the area together and created the Coal and Steel Community, the forerunner of the European Community. My question is this: What would you say to a similar cooperative venture for exploitation of the resources which exist in the Aegean? But with a fundamental provision which I like to put to you emphatically at the outset.

That such an agreement will contain as an integral part a solemn declaration that such a cooperative venture in no way whatever will affect Greece's sovereign rights and the established boundaries between the two countries, which will remain inviolate. I am saying this because many people in our country are afraid that your country will take advantage of such an economic cooperation to extend its control in the Aegean, leaving our islands in the eastern Aegean exposed and unprotected.

Ozal: If we establish mutual trust...

Kousoulas: In the early stages...

Ozal: Yes. And then we will say that the Aegean is the sea which unites Greece and Turkey, not the sea which separates us...

Kousoulas: Forgive me, but I would like to clarify this point. Will the declaration that our frontiers are inviolate be an integral part of the agreement for such a joint venture?

Ozal: Yes. Allow me to tell you about our good intentions. Why should Turkey and Greece spend so much money for military build up? This is wrong. Why? I do not think Greece will cause trouble. But this continuing build up by itself may cause problems later on...

Kousoulas: At least if nothing else it is costly for both sides...

Ozal: Exactly...

Kousoulas: We noted with great interest your statement that you do not think Greece will cause trouble. Indeed, Greece has no aggressive aims. I cannot imagine the Greek army landing in Smyrna! Nor can I see you taking our islands with their Greek population. These are not serious things. And yet in both countries such suspicions appear to exist. Why not try to convince each other with deeds that there is no reason for such mutual fears? Am I wrong in saying this?

Ozal: No, you are absolutely right.

Politakis: Mr Prime Minister, you have proposed the signing of a treaty of friendship, conciliation and cooperation between Greece and Turkey. But many people in Greece, and I think rightly so, cannot reconcile this proposal with the existence of the Army of the Aegean with its many landing craft and other assault equipment. They refer to this army when they refer to your "expansionist aims."

Ozal: The Turkish forces in the western part of Turkey were deployed in reaction to the militarization of the Greek islands along the Asia Minor coast. This militarization started well before 1974 and in violation of international treaties. But these problems are not insoluble. My proposal for a treaty, which is only one approach among others to solutions of our problems, is still on the table. Challenge Turkey's sincerity and start a dialogue with us.

Kousoulas: What about your forthcoming visit to Cyprus?

Ozal: If Mr Papandreou goes to Cyprus it is considered all right; if I go some people raise objections. This is, to say the least, a double standard. I think those who object want us and world public opinion to forget that it was they themselves who turned down the proposals of the UNSG. In any event, the visit is to inspect our military units there and study ways to economically help the Turkish Cypriots whose per capita income is half that of the Greek Cypriots.

Politakis: Mr Prime Minister, would you like to address through our magazine a message to the Greek people?

Ozal: Yes, of course. I would like to take this opportunity to tell them that Turkey does not covet one inch of Greek territory. There exists no threat from Turkey and the Turkish people to Greece and the Greek people. It is our firm policy, inherited from Ataturk to pursue friendship and cooperation with all our neighbors, but all the more so with Greece, with which we share common democratic values of the West and membership in the Alliance. But above all we are linked by a long common history, a way of life, and traditions.

That was the guiding spirit in which I sincerely asked for a dialogue between the two countries. Avoiding a dialogue under the pretext that no issue

exists for negotiation would not eliminate Turkish-Greek problems which unfortunately exist. Let us face the reality and let us come to grips with these problems without exaggerating their true magnitude and without allowing them to dominate our public lives. Let us strive for an unprecedented era of friendship and cooperation. Let us allocate our resources for the prosperity and happiness of our peoples and not for armament.

Politakis: Allow me, please, to ask a question concerning an issue which causes difficulties and which is of concern to the people in Greece. It concerns properties of Greek nationals in Turkey, who cannot sell them.

Ozal: We have similar claims...

Politakis: Mr Prime Minister, Elevation Venizelos did not hesitate in 1930 to order to conclude the famous agreements of that year in October; did not hesitate to write off much larger Greek claims resulting from the exchange of populations. Why does not your government deal in a similar broadminded manner?

Ozal: All these are possible and can be discussed in a climate of mutual trust and constructive dialogue.

Politakis: Mr Prime Minister, there is a study by the director of Military History of the Turkish General Staff, published in 1975 and still in circulation, which refers to the views of the Greeks and Elevation Venizelos before 1930, concerning the Megali Idea [Great Idea]. It says that the Greeks have aggressive purposes and that we are not capable of protecting our friends in the Eastern Aegean. For this reason Turkey must take over their defense since her security is affected by the security of the islands. What is the position of your government on this?

Ozal: Please do not refer to sources of secondary importance in order to define our position. Turkey's established policy is one of peace and acceptance of the present legal boundaries. I repeat that we do not covet one inch of Greek territory. We also hope that the Great Idea has been left to oblivion.

Kousoulas: A final question. You have stated, Mr Prime Minister, that you could meet the Greek prime minister any time and any where to talk with him. Is this still in effect?

Ozal: Of course. This is my duty to the Turkish people. I have said, indeed, at any time. As far as the place is concerned, the appropriate place will be jointly decided.

Kousoulas: Thank you, Mr Prime Minister, for the time you gave us.

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CSO: 3521/139

MSI'S TREMAGLIA ON PARTY POLICY, GOALS

Rome IL TEMPO in Italian 5 Jul 86 p 22

[Report on interview with Mirko Tremaglia, an MSI vice secretary, date and place not given]

[Text] The proposals; the confrontation; the alternative. Today the central committee of the MSI-DN will convoke the congress previously announced by Almirante. Various persons of the party are in turmoil, and the 1984 unitary solution of four vice secretaries-- Servello (the vicar), Rauti, Tremaglia, and Velensise--seems at the crossroads. Last March at a meeting at Taormina there came to light the revolt of three vice secretaries: Servello, Rauti, and Valensise. Very loyal was secretary Mirko Tremaglia, [text unclear] head of the foreign department of the party, member of the North Atlantic Assembly, and one of the precursors of the policy of confrontation. It was Tremaglia himself who was officially received by Craxi for a consultation on international affairs one month after taking office at the Palazzo Chigi. It was an authentic turn for a party which had been kept in isolation for years. The confrontation then continued with top level leaders of the PSI, the DC, and the PLI, mainly on institutional questions. Minister Martinazzoli and Gargani, DC leader in charge of the [party's] judicial sector, who brought Almirante greetings from Di Mita, both participated in an MSI meeting at Bologna on the subject of justice. Representatives of the five-party coalition were present at [a meeting at] Acireale on Mediterranean policy. But it is also true that within the MSI some fear that confrontation will bring distortion. We discussed these problems with Mirko Tremaglia, one of Almirante's vice secretaries.

[Question] There is great expectation within your party concerning the congress which is to be held in the autumn, and surely someone is thinking about the problem of Almirante's succession. In your view what [kind of] MSI will emerge from the congress?

[Answer] "Certainly a stronger MSI, because of its outside influence and projection, on the national as well as international levels. In fact no one can ignore the definitive crisis of the system, as we alone have stated for so many years, and which now is crushingly revealed way in the inability, or better yet the impossibility of governing. The conflict lies in the parties' power struggles, and in consequence it is irreversible. For that reason the

path to an overall reform which we have urged becomes urgent and indispensable. A presidential republic, [with] the direct participation of the people in the election of the chief of state, down to the town mayors, an organic presence in parliament, side by side with the parties, of occupational groups from the world of labor, production, technology, and the arts. These are the true elements which bring the alternative closer to the current system and which, after the next congress, will render the MSI a protagonist in Italian political life. Obviously this situation will bring about a vast international consensus and reaction. The question of Almirante's succession is a false problem; it does not exist. Almirante is a winner and replacing him would be an unthinkable and [wholly] unacceptable folly: logically, the only ones who could wish for such a situation simply are our adversaries, seeking to weaken our party. Almirante is the guarantor of a political line which confirms faithfulness to our history and continuity with our past, while facing the problems of the Italian people in today's modern terms. It is open to confrontation with other political forces, yet rejects any possible temptation to compromise in order to participate in the existing system, or, worse yet, to change; Almirante enjoys extraordinary popularity and great political influence. Within the party Almirante is the coordinating point and unifying influence in the discussions which do exist, as they should. A very broad governing class throughout all Italy has formed around Almirante. This has contributed to the MSI's great progress: consider the 1983 political elections, from the pre-eminence at Bologna to the recent success in Sicily. We should strengthen steps toward renewal with and around Almirante."

[Question] Renewal with respect to what?"

[Answer] "With respect to the current internal situation. I consider that for the future of the party it is desirable to give increasing opportunities to the coming generation, but with secretary Almirante, of course, youth cannot be the sole basis of judgment. So far as I am concerned, in that regard, I am available at once, as vice secretary of the party, and there is no need to await the congress."

[Question] The slogan of the 1984 MSI congress was "From protest to proposals." Now your watchword is "From proposals to confrontation, to the alternative." What can be gained from a policy of confrontation?

[Answer] Confrontation is a method, not an objective. We use it above all when reviewing history, to make it known to young people, and to show how much of all our past has remained valid. In particular, for new conclusions and historical judgments, confrontation should refer to the whole Fascist period. In the debate on the theses and on problems this is possible and useful, from the viewpoint of current political developments, so that public opinion may approve our positions. Confrontation serves to make clear the failure around us, and secure consensus for the MSI-DN's basic positions and actions. Almirante's speech at the Lirico, confirming our roots, constitutes an essential fact and, at the same time, in order to be interlocutors of whoever it may be, it avoids confusion and false interpretations of our dialogue: no isolation, but no alliances in [other] parties' power struggles. No renunciation, no restoration, but proceed toward the alternative."

[Question] But there is a long distance between confrontation and alternative; in brief, your alternative is no Utopia?

[Answer] As I have already said, the alternative to the [current] system is necessary; there is no other way out. We might say that both from the point of view of the failure of others, and of the reforms they will certainly introduce in the next parliament."

[Question] You are considered the leader of the most pro-American area of MSI. Someone in your party has called you "the Amerikan." Are you offended?

[Answer] I refuse to believe that someone in our circles could attribute [such] attitudes to any one at all. If it is done, it is by a contemptible person acting in bad faith. I do not say such a person does not know my life (war orphan, volunteer soldier in the RSI, prisoner at Coltano) but rather that he does not know our [party's] life. We were born, raised, lived, and have been persecuted just because we are Italians from our birth to our last breath; it is inconceivable [to call me "Amerikan"], because it is the others who are subject to foreigners, those belonging to the CNL or however they may have jumped on the foreign bandwagon.

I began my political life in November-December 1946 when the MSI was founded. I did not wait for one minute and then I recall at that time how we were warring against the famous "Pacciardi's article 16," [of the peace treaty] protecting those for their activities on behalf of the foreigner.

For the rest, the MSI policy is quite clear: a) an Italian mission in the world; b) build a Nation Europe, non-existent today, inept, only a "geographic expression;" c) revision of the Yalta Treaty with its disastrous consequences for eastern European countries, and the Nuclear Non-Proliferation Treaty which discriminates against the same western European states; d) absolute parity in the alliance; in loyalty, against double dealing, and against any neutralism; e) intransigent struggle against international terrorism; f) opposition to the bands of Arafat and of Qadhdhaffi, of Syria and of Iran; g) recognition of the Palestine Fatherland, guarantees for Israel; h) an international conference about the Mediterranean, which constitutes the major concern of our foreign policy; i) a policy of security, to defeat Soviet imperialism, and against any concession or surrender to [foreign] aggressions, in order to defend the freedom and independence of Europe, to restore dignity, identity, and sovereignty to the Italian nation. Finally, in order to avoid confusion, one must fight against the enemy, international communism, to defend Europe and Italy; and we must square accounts with our allies, so as always to be protagonists and not servants."

9772

CSO: 3528/188

BOLOGNA PSI ABANDONS PCI AFTER 40 YEARS

Rome LA REPUBBLICA in Italian 20/21 Jul 86 p 3

[Article by Domenico Del Prete: "An Historic Development: Left Solidarity Ends After Forty Years"]

[Text] Bologna. Renzo Imbeni remains the last communist mayor of a large city. But as of Friday evening his monocolored ship has been sailing in stormy seas. After 40 years of stability it is alone for the first time. Alone and in the minority. The socialist abandoned it, noisily slamming even the last door, which they had been discussing. "As of today we are going over to the opposition" they told him harshly. And as of tomorrow, every day, every city council meeting could become a spectacular defeat for the PCI.

The other evening he avoided that, since the regulatory plan received the PSDI and the PRI vote. And with the help of the Republicans, before the holidays he ought to be able to succeed in having even the budget passed with a technical "yes". But in September everything will become devilishly more difficult and without alternatives. Either make peace, and at a high price, with the socialists, or persuade the laics to enter the junta; or, lurking in the corner is the specter of a government by commissioner, and early elections.

Someone on via Barberia has hopes in the PRI. He dearly hopes that the oak leaf party will hold firm and side with the communists in the name of governability. But how long could the strange PCI-PRI affair last, since in Romagna the birth of a 3-way junta with communists and socialists has already caused a storm of argument among Republicans themselves?

The spectacular break was triggered by the regulatory plan, after months of discussions and meetings which seemed to be the prelude to the birth of a new PCI-PSI junta with outside support from the laics. But it was just that tie, which for months seemed to unite communists and republicans ever more closely, which made the socialists drag their feet. First, in a low tone, and then ever more strongly, socialists asked the communists to change horses. It seemed to be an easy operation. It would be enough to put the four protagonists around a table, have them talk, and lay the bases for a new junta. But instead the situation came to a head in the space of two weeks.

First, the PSI raised the price of its "yes" to the regulatory plan; then, it asked for a postponement of the discussion of the composition of the new junta. The PCI listened, bargained, and made concessions. On one point, nevertheless, it hesitated. It had no intention whatsoever of cutting the cord linking it to the laics. It thought it could bring the ex-cousins around, and instead, a few days ago, unexpectedly, came the dramatic break. "The PCI has no intention of going beyond the monocolor" was the burning accusation the socialist group leader, Enrico Boselli, levelled against the communists, "and you, mayor Imbeni, bear the political responsibility for this mistaken step." And now came the "signal for the change: what is called for is the "head" of Renzo Imbeni: He must go.

And even the PRI, according to the socialists, must change their attitude. "The Republicans agreed to serve as the PCI's spare tire," Paolo Babbinni charges them. But the flirtation with the communists is creating much discontent, even within the ranks of the oak leaf party. And difficult days lie ahead for the two municipal councillors who approved the regulatory plan and who are even preparing to say "yes" to the budget.

The PCI, after having achieved the "success" with the regulatory plan, continues to send pacifying messages, but it is worried about the wave of revanchism which might even strike via Barberia and the hundreds of sections spread throughout the city. Anti-socialism is by now an epidemic disease among the rank-and-file communists in Bologna. The federation is aware of it and is hastening to correct it. On the other hand, even it wished to, it would have no alternatives. As of September many projects basic to the city's development will be presented in the municipal council. Therefore, the watchword is "negotiate". Also at risk is the survival of the council of Palazzo d'Accursio. It might be a coincidence, but yesterday the most popular slogan in the buildings for Due Torre political activity was "No early elections, please."

9772

CSO: 3528/188

DANKERT SEES WIDENING GAP BETWEEN EUROPE, UNITED STATES

Rotterdam NRC HANDELSBLAD in Dutch 8 Jul 86 p 7

[Article by P. Dankert, Labor Party Member of European Parliament: "The Atlantic Ocean is Getting Wider"]

[Text] Washington doesn't expect much from Europe any longer. It not only expects a lot less political sympathy from its European allies, but Europe has become a lot less important to Washington. "Viewed from a technical and military standpoint, we can do without Europe," Richard Perle, the influential number-two man at the Pentagon, said recently in Washington to a number of European parliamentarians. The trade problems with Japan, the problems with Nicaragua and the debt crisis add to the fact that many Americans hear relatively little about Europe. Television sees to it that even this little bit is for the most part negative. The first to feel the impact of this was the Mediterranean tourist industry.

Not all Americans think the same way about things. The Administration is opposed to SALT II; the House of Representatives favors it. The Congress in turn is more protectionist than the Administration. The pressure of public opinion and the election of members to the House of Representatives every two years are factors which obscure the fact that in reality the differences are smaller than they seem to be. The vote in the House of Representatives on the \$100 million aid for the Contras has once more illustrated that fact. The general impression remains though: America is sliding toward isolationism.

Protectionism

That climate also promotes protectionism, which in its turn strengthens isolationism. It is said that the American politicians' protectionist sentiment doesn't go that deep, and that the Democrats especially, by supporting protectionist legislation, want to attract as many voters as possible so that they can strengthen their position in the Senate in November and safeguard their majority in the House. Some of this is undoubtedly true. But economic and financial predictions are too gloomy to permit the assumption that after November the economic slump will be over. Economic growth remains too low. The Administration starts with the assumption of 4 percent growth; other experts believe that at best there will be 3 percent growth. The trade deficit is still increasing, despite the much cheaper dollar. It remains to be seen if the budget deficit can be overcome through Gramm-Rudman.

There still is no talk of any improvement in the employment situation of the textile, leather and steel industries. There is a slump in the computer industry. Texas is hard hit because of the fall in oil prices. Japanese cars are at the moment not only cheaper than American cars, they are also better made. The American farmer has few prospects; his bankers are going bankrupt in increasing numbers. If Mexico should run into even greater difficulties in paying off the almost \$100 billion foreign debt, then other bankers will have to fear the worst as well. Because if Mexico stops payments, there is no Baker plan that can prevent other large Latin American debtor nations from stopping payments as well.

Anxiety

This is reason enough to keep following the situation in America with anxiety. Reason enough to assume in the words of the American trade representative Yeutter that "This is the time of the most conflict we have ever had with foreign nations, and it will continue for another couple of years." This is also reason enough to examine a bit more carefully than has been the case till now how the European-American relationship can endure all this.

13092/5915

CSO: 3614/116

COMMUNIST PARTY ANALYZES CAUSES FOR ELECTION DEBACLE

Members on Causes

Amsterdam DE WAARHEID in Dutch 26 May 86 p 7

[Report by Toof Brader]

[Text] The time when the CPN [Communist Party of the Netherlands] tried to explain an election defeat via a number of external factors seems to be definitively past since the days of the train hijacking in Wijster. Practically all 200 to 300 CPN party leaders who met in the party building at the Hoogte Kadijk on Sunday to discuss last Wednesday's election defeat with the party executive agreed on one thing. Naturally there was mention of the completely failed election strategy of the PvdA [Labor Party], of the refusal of the PSP [Pacifist Socialist Party] to participate in a joint list and a joint program of the three or four radical-leftist parties in the Chamber elections, and of the television and personality cult which dominated the recent elections so much. The most important thing, however, was the course of action and the character of the current CPN itself.

"This election defeat is the defeat of the hodgepodge leftist strategy which the CPN has pursued during the past years. It made people feel that our own motivation for the party was decreasing, and therefore they voted for Den Uyl [PvdA] in order to vote against the CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy]. It is high time for the CPN to become a party for the common people again--a party which leads the struggle against the capitalist system and strives for a socialist society," according to Greta Volders from Finsterwolde who was one of the first speakers to address the joint CPN executive councils. Her story would be repeated a number of times again in different forms on Sunday.

That was one view on the causes of the defeat of the CPN in the Chamber elections of last Wednesday, a view in which the various representatives liked to refer to the past of their party when the CPN clearly understood itself to be an avant-garde and class party which without much ado gave priority to the socioeconomic struggle of "ordinary working people."

"That organization of struggle has disappeared," was also the opinion of Frants Aarts who simultaneously pleaded in favor of a "uniting of all communists on the basis of a program based on being the chief opposition in this society." "We were much too kind to a capitalism considered too friendly. But there is a nice Spanish saying which goes: the night and the Jesuits always return. This defeat is indeed the end of an illusion. We must go back to a tougher stance and better organization. Not only the CPN but the entire left must become more radical," added Gerrit Zeilemaker from Alkmaar.

Cooperation

Other sounds could also be heard, and in fact they represented the majority at the meeting. "Voters really aren't too interested in our nostalgia, no matter how justified CPN members' pride in their history is. But people are simply asking at this moment how much power the CPN has right now, and on that basis they make a choice for the party or they don't. Therefore it is now especially a case of continuing to work on cooperation among the three radical-leftist parties. We must steer toward a single parliamentary representation fed by the three parties. Then at least there is some strength in creativity, some strength of ideas. As things went recently, the PvdA had no incentive to make a choice for a leftist alternative, simply because, realistically speaking, there wasn't one. Moreover, if an inspired radical-leftist current were to participate in elections again, there would be an almost automatic interest on the part of the media. Naturally mutual solidarity and tolerance is a prerequisite for that."

Jan van Beuzekom, a provincial representative from Utrecht, was not the only one who in that respect warned against a movement of "withdrawing into one's own organization" which was advocated in various tones by a great number of other attendees. "When you study the recent history, you find that very few parties have succeeded in returning to parliament after 4 years of absence," a representative from Leiden thought. "Therefore one can probably say already now that we will only be able to return to the Second Chamber together with others. Cooperation with the radical-left therefore remains of utmost importance to the CPN."

Party Chairman Elli Izeboud therefore spoke during a later press conference of the striving to "bring the CPN or the communists back into the Chamber," and thereby she wisely left open the various possibilities for the CPN in the next chamber elections,

There was a general feeling, however, that the many attempts of the CPN during the past years to achieve a joint radical-left already for these next chamber elections had weakened attention to the preservation and expansion of the organization. "We gave too little thought to the question of what should be done if that cooperation were to fail," said Ina Brouwer, who only very few people saw as one of the important persons to blame for the election defeat. Most speakers emphatically expressed their appreciation for the work of the Chamber parliamentary group and its chairman. They will indeed continue in their functions in the party executive and, for the time being, they will also remain available to the party for further activities.

"We'd like the party to continue to benefit from our experiences and contacts. For the time being we don't intend to quickly transfer to another pleasant job," said Ina Brouwer.

More emphasis on the party's own organization does not have to be in conflict with a continued striving toward cooperation with other radical leftist parties, according to Brouwer's former colleague Evelien Esthuis, who actually lashed out at those who during the past years had not been willing to find a true solution to the division in the CPN. "They have portrayed the CPN as a caricature consisting only of lesbians and gays who forgot that there was a class struggle as well," said Esthuis who subsequently reminded the audience of the action of the CPN parliamentary group on, for example, the issue of shipbuilding, in particular the initiative for the RSV [Rijn Schelde Verolme company] inquiry. "Strengthening of the organization is extremely important. But the question is, of course, 'Organization for what?' What are our priorities? We have to clarify them and subsequently work on them. It is time to permanently eliminate a number of prejudices and to get rid of all sorts of resentments and grudges in the party."

Priorities

That view was supported by, amongst others, Harry van den Berg from Amsterdam who strongly emphasized the lack of clear priorities in the CPN policy. "We have a good party program," said Van den Berg, "but lately we have been neglecting to give our full effort. The party puts too much emphasis on collecting themes from social movements and succeeds too little in making choices among those which link those movements to each other and to political relations."

A number of the discussions probed the problem encountered here and there of the deteriorating societal foundation of the CPN traditionally backed by a number of industrial areas which meanwhile have largely disappeared. In particular Nico Dudink from Kennemerland went into that. "Capitalism has considerably changed in the last 20 years. He who asks what happened to the traditional workers in the CPN, has not understood much of it. Those workers are, in fact still in the CPN. They are people involved in the struggle for drastic work time shortening, women who organize their work opportunity themselves, people who take the changes in capitalism seriously and try to find a new answer for those. That's the direction the CPN should take. People who are involved in that are, however, being curbed by that fuss about the traditional foundation of the party."

The meeting ended with an appeal by Executive Director Fenna Bolding to continue the discussion on the future of the CPN in all branches during the next weeks and with the prospect of an accelerated party congress.

Party Congress Moved Forward

Amsterdam DE WAARHEID in Dutch 26 May 86 p 7

[Text] The 30th congress of the CPN, which had been planned for late spring of 1987, has been moved forward in connection with the election results of 21 May last. Now the congress will take place already during this year; in any event before the Provincial States elections early in 1987.

During the discussion on Sunday between the party executive and party leaders of the CPN there was repeated urging for an accelerated congress. The accelerated 30th congress will primarily have to pronounce itself on the question of how the party is to proceed now that it has disappeared from the Second Chamber with the loss of three seats. The congress will be prepared by the current party executive. In reaction to the very few people who urged on Sunday for the resignation of the current party executive, Chairperson Elli Izeboud said on Sunday afternoon during a press conference that this party executive accepts full responsibility for the election results, but that this executive "also wants to take responsibility for the further course of events with the CPN." The accelerated congress will subsequently vote for a new party executive.

8700

CSO: 3614/113

EXCERPT FROM LUBBERS GOVERNMENT POLICY STATEMENT

The Hague ANP NEWS BULLETIN in English 31 Jul 86 Special Supplement pp 1-17

[Text]

POLICY PROGRAMME OF**THE 2nd LUBBERS GOVT.**

The Hague, July 30 - Following is an abridged translation of the government's policy statement to parliament, as presented by Prime Minister Ruud Lubbers today:

Financial and socio-economic policy

(...) Fortunately the desperate situation of four years ago has been conquered. The atmosphere of pessimism and dejection has been replaced by a sentiment of greater confidence in the future. However, we are still far from our goal as far as unemployment and the government deficit are concerned.

Of course the annual government deficit has fallen, but we now face a sharp fall in natural gas revenue which is far more serious than could have been anticipated. A fall in 1987 of at least 12 billion guilders; that is more than 800 guilders per head of the population, or three per cent of national income and some eight per cent of total central government revenue. This is by no means a temporary problem; even after 1987 government gas revenue will be much lower than in recent years.

The rapid increase in gas revenue in the 1970s and early 1980s allowed the government then to let public spending rise sharply. Now that gas revenue is at a considerably lower level it is necessary, as far as spending is concerned, to return down the path along which we came. That means bringing public spending back down to a level at which it can be financed structurally - i.e. without high gas income.

This means persevering with a policy of retrenchment in public spending. Not by wielding a blunt axe, but systematically and consistently.

We cannot forever postpone our debts until the future. Because in cash terms the sharp fall in gas revenue will occur mainly in

1987, it is inevitable that the central government deficit will rise somewhat in that year. The rise will, however, be limited so that it does not exceed eight per cent of net national income. In subsequent years a downward path to at most seven per cent, six per cent and finally 5.25 per cent in 1990 will be followed.

This will call for a stringent financial policy. In accordance with this the spending curbs indicated in the coalition accord will be spread over several years. What this involves for 1987 will be revealed to you on budget day. The budget memorandum will also set out in some detail the longer term budgetary consequences of the coalition accord.

We are still far from our goal; and that is particularly true of the main policy objective, cutting unemployment .

The fight against unemployment has not gone badly in the last few years. Once the rise had been brought to a standstill, a slow but steady fall began; indeed, more than 100,000 extra people per year have found work or have started active training for work. Any yet registered unemployment still stands at 700,000. Where do we go from here?

Above all: we must continue to keep labour costs under control. Work must take precedence over incomes. That must remain the cornerstone of a policy aimed at finding work for every one that wants it.

If employment and emancipation are to be taken seriously there is no alternative. Keeping labour costs under control implies that we must settle for maintenance of purchasing power at current levels. This then is our objective for the cabinet term as a whole.

The public sector - government, subsidised bodies and the social services - will lead the way. Hopefully employees and employers in the market sector will agree to pursue the same objective as far as possible.

And so to the distribution of work. If the extent of a general reduction in the duration of work - both within and outside the public sector - should remain limited, then substantial supplementary measures such as more job-sharing and more shift-work will become all the more necessary (...).

Education, training and work experience will be the watchwords for the years ahead. Watchwords in promoting the integration of those who at present are left standing on the sidelines; watchwords, too, in preparing the community as a whole for the new information society of the 1990s. This is the dominant theme which will be encountered across the board from the apprenticeship system right through to adult education; a rather grand word perhaps for something which is an absolute necessity in practice.

We must seek out the unemployed person and not allow things to run their own course. In addition to the training programmes which are essential to improving an individual's prospects on the labour market I will mention two other sets of measures.

Firstly, employers will be encouraged to hire staff from among the long-term unemployed by means of temporary exemption from payment of social security contributions and a subsidy to help cover the costs of training and supervision.

Secondly a youth employment guarantee scheme will be worked out in close consultation with the social partners and local authorities. This involves a new element in that young people will no longer be provided with an income by means of an RWW unemployment benefit, but through the guarantee of a job or an apprenticeship.

Work must not only be found for the 250,000 men and women expected to swell the labour market in the next four years. The government will also do its best during this period to reduce the number of unemployed, which currently stands at around 700,000, by at least 200,000. That was the target adopted by the cabinet and the Joint Industrial Labour Council in their agreement of May 2, 1986.

Important conditions for the achievement of this goal are further wage restraint and adequate wage differentials, combined, as far as possible, with a reduction in the working week and redistribution of work. Primary responsibility for this lies with employees and employers. The government will aim for a covenant with the social partners. The main purpose of this will be to express the separate responsibilities of the government, employers and employees in drawing together the main strands of policy aimed at fighting unemployment and promoting job growth.

In view of the changing character of efforts to reduce unemployment, the complementary measures adopted by the government and the social partners will have to be defined more clearly. This means decentralisation and a spreading of responsibility. In line with this, draft legislation will be submitted during the coming cabinet term, intended to place the apparatus of job creation under tripartite control.

Along the same lines, the government intends to pursue an agreement with the social partners on the transfer of control over the employee insurance system.

Growth in employment and further reduction of central government's excessive annual deficits can only be achieved in an acceptable manner if there is sufficient economic growth.

The government will therefore make every effort to promote a climate in which the market sector can grow. Key factors in the promotion of economic growth are cost control, investment growth, training, technological modernisation and deregulation. Simplicity and a generic approach are important principles for promotion of economic growth.

The goal of at least stabilising the burden of taxes and social security charges is an essential pillar in the government's policy of promoting economic growth.

This applies both to the burden on industry and the burden on private individuals. The difference between overall wage costs and net wages must be narrowed. Although the room for manoeuvre is limited at present, the possibility of a reduction in taxes and social security charges should be examined.

This is unmistakably linked to the degree in which policies directed at promoting growth and employment succeed.

The more successful those policies are, the broader the base for taxes and social security contributions grows and the easier it becomes to narrow the gap between gross and net pay which in turn leads to economic growth and more jobs.

Another link is that with the simplification of the tax system to be realised by January 1, 1988 in line with the proposals of the Oort commissions. This can also be viewed in connection with broadening the base for payment of taxes and social security charges. The gradual ageing of the population makes it imperative that these questions should be dealt with now.

Finally there is the link with government policy aimed at countering fraud and malpractice. For the first time the government coalition accord contains target figures in this respect, both for tax and social security. Following the clear progress made during the previous cabinet period in the fight against fraud and malpractice, this policy will be pursued with determination.

If necessary legislative measures will also be taken.

Supervision, detection and sanctions will be developed further and steps will also be taken to achieve an efficient system of administration and organisation.

The combination of more growth, lower unemployment and less fraud can contribute to a situation in which for every guilder earned, a little bit more is left over.

To the extent that room arises for a positive development in purchasing power, it will become easier to reduce one-off social security allowances and income-related subsidies. This would contribute to improvement in the overall burden of taxes and social security charges and a reduction in marginal pressure in the micro-economic sphere. (...)

A policy aimed at growth means that for the time being we cannot do without the WIR investment subsidy scheme. The position of industry and the current low level of investment compels us, despite the very high financial deficit, to retain the WIR scheme at present.

Use of new technologies is one of the most important factors determining our rate of growth. Technology policy will therefore receive a new impulse both in content and organisation. (...)

An acceleration in economic growth must be borne to an important degree by industry. To this end the coherence, efficacy and objectivity of the government's reindustrialisation policy will be reinforced.

As far as the 'priority areas policy' is concerned, subsidies will henceforth only be given in accordance with clearly defined objectives and criteria.

Project proposals submitted by companies for subsidies within the framework of government programmes will be assessed by external experts.

Particular attention will be paid to the promotion of cooperation between scientific institutions and industry. Individual projects will not be supported outside the framework of these programmes.

The government attaches great importance to a thriving small and medium-size business sector as a source of private enterprise and new initiatives. It will pursue a coherent policy aimed at securing a good future for small and medium sized business and for the self-employed in particular.

In addition to generic measures, specific measures will remain necessary, especially for small and medium sized businesses. The available financial and fiscal facilities will be simplified and made more effective.

A strong export performance remains of vital importance to our country. In addition to a policy of export promotion Dutch industry must be allowed to engage in free competition on international markets.

This calls, among other things, for a careful evaluation of facilities available to the Dutch capital goods industry.

Furthermore a pragmatic approach will continue to be taken with regard to export credit insurance policy. To limit budgetary risks, a strict acceptance policy will be conducted.

Amsterdam's status as a financial centre will be enhanced by legislative measures to combat insider trading in securities.

At a more general level, policy directed at shaping the structure of the economy will retain great significance. This holds too for regional socio-economic policy and energy policy.

Regional development is best served by a continuing recovery of the national economy.

Furthermore the government memorandum on regional socio-economic policy for the period 1986 to 1990 will continue to play an important role.

Energy policy must look to the long term. That is why now, when energy prices are temporarily at low levels, it is important to continue with conservation, diversification and the development of our own energy resources.

As a result of the nuclear accident at Chernobyl the decision-making process with regard to expansion of nuclear capacity has been suspended until a thorough analysis and evaluation of this accident has been made. Pending further decisions on nuclear energy, the electricity generating sector is expected to take a decision this autumn on a necessary expansion of generating capacity. Coal in particular is being considered (...)

Social and financial policy overlap in a policy in which the accent is on reintegration of the unemployed and the disabled.

People must make the effort to learn a trade, but must also be given the chance to do so.

People must be prepared to accept a job which is not always their first choice, but must also be given the chance to do so.

That means providing opportunities and taking advantage of opportunities so that more people can work and fewer people are dependent on benefit payments. This is the tough battle which will be fought over the next four years.

For companies the message is no different. They can expect the government to provide an administrative climate in which regulations and financial burdens do not discourage businesses from starting up, expanding and taking risks. However, they cannot demand that the government continues to take money on a massive scale from people to redistribute it among others. If businesses and employees succeed in controlling wage costs, improving the quality of labour, making more efficient use of capital equipment, making remuneration reflect scarcity and quality and stimulating the desire for modernisation, then we are on course for a better future.

The experience of recent years is encouraging. Countless companies have demonstrated that a great deal can be achieved without the help of the government.

It is precisely these qualitative changes which must place us in a good position as we enter the 1990s.

The 1990s will be characterised by continuing technological innovation which will present a host of challenges for our educational system and our technology policy.

The growth in information technology will change the face of our society. The way in which we respond to this will determine our chances of providing more jobs for a growing labour force.

We must maximise our potential for growth by getting everyone to play a part. And we must act quickly, for it is unacceptable that so many people should be forced to stand idly on the sidelines. We must act quickly, too, because of the government's critical financial position.

Even if the central government deficit falls gradually, as envisaged in the coalition accord, the national debt and the government's interest payments will continue to rise as a percentage of the national income. It is therefore essential that we do not stray from the path set out for the government deficit. In concrete terms that means compensatory measures must be taken at the first sign of a financial setback. Austerity is also essential because of the major task we face in coping with an ageing population. And it is not simply a question of reshuffling our resources. New forms of solidarity will have to emerge.

Often they will be quite different from those we are accustomed to; less collective and more varied in form; tailored to the different wishes and needs of individuals and groups.

We currently find ourselves in a period of transition. The government will pursue a strategy which is part retreat and part attack. We will continue to shed tasks, deregulate and draft simpler and more comprehensive legislation appropriate to a society which has learnt that more legislation does not always lead to improvements.

But the government will of course take action wherever deprivation occurs. We must realise that those of us who have it good can easily overlook the deprivation of others.

This, in addition to reducing government's role and stressing shared responsibility, will help determine the face of government and politics. Therefore, for example, we will continue to pursue an emancipation policy. This means creating room for human development.

We will also introduce broad equality legislation which will be aimed against discrimination on the grounds of religion, personal philosophy, political persuasion, race, marital status or sexual orientation.

We will continue with the expansion of penalties for discrimination, as announced by the previous cabinet. Elements of existing legislation which discriminate on the grounds of sex or marital status will be scrapped.

A bill, announced earlier, seeking to revise existing legislation concerning the equal treatment of men and women at work will be presented. Equality legislation will be extended to pension arrangements. Special attention will be paid to the economic independence of women by encouraging participation in the work process and facilitating reentry.

An integrated policy must be developed to prepare the younger generation as a whole for an independent existence in the 1990s.

Environmental Protection

To continue improvement in the quality of the environment, the battle against acid rain, noise nuisance and soil pollution will be forcefully pursued. Extra money has been allocated to purify the soil, and preventive policy will be reinforced.

The nature and extent of environmental problems ever more urgently demand international coordination. In view of this, the cabinet will work through international fora for an effective approach to world and cross-border environmental problems including acidity, distribution of environmentally harmful substances, the effect on climate of carbon dioxide and other substances, and research into the spread and long-term effects of radio-active contamination.

Initiatives for binding international agreements on mutual provision of information and assistance in the event of nuclear accidents will be supported.

The quality of the environment to be achieved in the medium term will be laid down in a national environmental policy plan to be published in 1988. Research into environmental standards coupled with risk analyses will be intensified.

To increase efficiency, the policy plan will further integrate environmental policy with policy on other sectors, in particular traffic and transport, energy, agriculture and technology. Policy progress will be safeguarded by annual implementation programmes....

Physical Planning, Traffic and Transport

... Areas of major importance to the Netherlands' economic position within Europe must receive special attention.

Effective physical planning should also contribute towards reinforcement and employment of the Netherlands' logistic and distributive functions. Top priority should be given to eliminating bottlenecks in the infrastructure around major cities, the national airport and major seaports. Liberalisation of road, air and sea-transport in a European context remains an important issue, especially now that the recovering economy is providing new impulses to the transport sector.

In view of the economic importance of the traffic and transport sector, further efforts will be made to flesh out domestic goods transport policy, including simplification of licensing regulations ...

Agriculture and Fisheries

Our agriculture is in difficulties as we have reached the limits of expansion, following the rapid developments of past decades. By anticipating the problems now, we are attempting to make the future secure.

The recently instituted, more market-oriented European agricultural policy should be pursued. With a view to the future this is essential, although it will place some pressure on farming incomes.

It is therefore all the more important to strengthen the competitive position and quality image of Dutch agriculture ...

Efforts will be made to bring the problem of manure surpluses under control by the end of the cabinet term by working out legal regulations.

To realise this, a manure action programme will be drawn up, paying attention to the promotion of storage, processing and transport of manure.

In view of the structural overcapacity of the Dutch sea fishing fleet, efforts must be made for a better balance between capacity and available fishing ...

Home Affairs

... In the interests of promoting clarity on mutual cooperation and financial relations between the state and local authorities, efforts are being made to draw up an administrative accord soon.

Central to the accord will be the autonomy of local authorities and the even distribution of government spending curbs. In addition, more detailed agreements can be made on increasing the autonomy of local authorities in policy-making.

Decentralisation of duties and powers, and concomitant funding to provincial and municipal authorities, will be pursued.

Special efforts are required to promote employment for ethnic minorities when central policy on ethnic minorities becomes decentralised, insofar as possible, on January 1, 1988 ...

As far as central government services are concerned, efforts will continue for a more compact and efficient central government. The government will strive to further streamline the public sector, which will enforce a critical reappraisal of its tasks and operative method. This will be carried out as decentrally as possible.

Similarly the policies introduced on decentralisation, privatisation, deregulation, reappraisal and improvement of management will be intensified.

Greater responsibility and room to manoeuvre at as low a level of management as possible will be the prime objective. (...)

To promote privatisation, the Finance Minister aims, amongst other things, to investigate whether possibilities exist to institute a value added tax (VAT) system that will not obstruct privatisation.

The process of deregulation started in the last cabinet for the benefit of individuals and companies will actively go forward. Over the coming months the cabinet will investigate the best approach to improve testing.

Turning to policy on labour conditions; for civil servants too, the chief aim of policy over the coming years is that of maintaining spending power. For them this means an improvement in comparison with the policy of the previous cabinet period. Even so, as predicted in the coalition accord, the room to manoeuvre remains very limited.

Over the coming years, once again some of the financial problems will have to be solved by a restrictive policy on labour conditions. Within these limits, the available room will be divided according to developments in the market sector and the desired improvements in labour conditions, such as differentiated comparison of public and private sector jobs, shorter working hours and reallocation of labour.

With regard to discussion on civil service affairs, the government feels that the consultations, already underway for some years now, should be rounded off. (...)

Despite its streamlining task the government, as an employer, will continue its efforts to promote employment: - on the one hand through ongoing work hour cuts of 0.75 per cent a year with an average 75 per cent reallocation of hours, in which job-sharing can also play an important role; and on the other hand, through a policy aimed specifically at deprived groups.

The reinforcement of the individual's position in our democracy requires ongoing attention on various points, despite significant achievements.

Efforts will be made to complete a revision of voting legislation for which the Franchise Council has drawn up a preliminary draft by the 1990 general elections.

This revision will include a number of subjects which gained prominence through various events during the recent general elections ...

Justice

The government will combat the criminality plaguing citizens, industry and authorities through consistent implementation of the policy plan published last year, 'Society and Criminality'.

To combat petty crime where possible, the various divisions of central government will intensify preventative policy, which will partly be based on the experience of local authorities.

To start with, a memorandum on alcohol problems will be published, as this is a common cause of many forms of crime. In addition, supervision on trams and buses, which were introduced as an experiment under the previous government, will become a permanent fixture. In September the cabinet will decide on the framework and preparation of the preventative action plan as announced in the coalition accord. This action plan will contain further proposals based partly on the final report by the Petty Crime Commission.

With regard to criminal legislation to combat crime, the policy plan will contain proposals aimed at promoting optimal functioning of the bodies concerned, such as police, judiciary and prisons in interdependence with each other ...

An effective curb on crime will also largely depend on the efforts of Dutch police. The project on 'Intensification Police Cooperation', which aims to strengthen cooperation between national and local police at regional level and to create the necessary conditions to achieve this in the areas of training, formation and career policy, will be largely completed during the current cabinet term ...

Education and Sciences

Often the Netherlands offers too limited a scope for the development of top-level research. Guiding principles for the reinforcement of the internationalisation of Dutch research efforts include (inter alia) making Dutch research facilities available in an international context, increased participation in foreign research facilities, the strengthening of bilateral cooperation in the form of projects and programmes and a clear delineation of course in participation in European Community (EC) programmes and Eureka.

Welfare, Public Health and Culture

A sharp reduction in the number of subsidies issued in the area of public health is essential, while certain facilities - vital in view of the ageing population alone - will be maintained.(...)

Concerning the media, the coalition accord offers a useful hold for a reply to the second chamber at the start of the new parliamentary year on those points put forward in the preliminary round of verbal discussion on the bill submitted, taking into account the letter from the Netherlands Broadcasting Foundation (NOS) dated 23 May 1986.

The Minister for Welfare, Public Health and Culture will in the meantime do everything possible to bring about the execution of those points detailed in the coalition accord, in close consultation with broadcasting organisations. (...)

From the coalition accord it is already apparent that curbs on costs in health care must be pursued, coupled with simplification of the over-regulated system that exists in this area.

The intention is to appoint a commission as soon as August to advise on this, basing its advice among other things (despite the retraction of the health care and community services bill) on further integration and cooperation between health care and community services.

Despite the urgent necessity of cost controls, much attention will be devoted to the content and quality of health care and community services over the coming cabinet term, and the interests of patients, professional staff and volunteers will be closely monitored ...

Virtually simultaneously with the formation of the cabinet, although after the completion of the coalition accord, the advice from the Council of State on euthanasia was received.

The government, partly in the light of the history of this issue and in the interests of what is at stake, will take this advice extremely seriously.

However, the government has not yet decided a standpoint. It will consider further reaction from the public in forming its view and will meanwhile decide which provisions are to be made in accordance with lines laid down in the coalition accord.

Refugee Policy

Our country must continue to justify its good name with regard to the treatment of aliens and refugees. In the community of nations this is one of our most important duties. To do this in a responsible way requires great effort, effective agreements and procedures. Because of the increasing gravity of the international refugee problem, the government has decided to raise the quota of refugees to be invited (to the Netherlands - Ed) from the beginning of next year from 250 to 500 a year, while maintaining the financing method employed during the previous cabinet term.

With this doubling of the quota, the government also wishes to offer a concrete contribution to the efforts of the United Nations High Commissioner for Refugees to channel the stream of refugees.

Administration of asylum requests will be accelerated, and the reception of an-incidentally limited-number of refugees will be arranged via a humanitarian 'on-hand' facility as discussed earlier with your Chamber.

Lastly there is the agreement in the coalition accord to submit, by January 1, 1988 at the latest, a bill for the complete overhaul of aliens legislation.

This requires a test of strength and your cooperation in a speedy passage of the memorandum on aliens legislation.

Foreign Policy

International cooperation remains essential for the Netherlands. European integration and the Atlantic alliance form the foundation and the guarantee of our democracy, welfare and security. The United Nations hold a central place in our efforts to achieve international cooperation for a just world.

EEC

The European Act, although a modest step, offers new opportunities towards European unification, which is so necessary. Only in unity will Europeans be able to meet the challenges of a world which is changing ever more rapidly, and keep pace with the dynamism of the American and Japanese economies, particularly in the field of technology.

The realisation of a genuinely free market, through the removal of the remaining border restrictions, intensified cooperation in the fields of research, technology and the environment and a gradual reinforcement of the European Monetary System are important elements in the integration process for the coming years. The Benelux association will continue to play a stimulating role in this.

The common agricultural policy, which forms one of the cornerstones of European integration, can only be retained if the market-oriented policy embarked on is pursued.

The build-up of surpluses must be tackled effectively; they cause internal financial and external tensions both with other major agricultural exporters and with developing countries. The main lines of current policy on trade and raw materials will be continued during this cabinet term, and will be propagated within the EC and GATT.

The forthcoming meeting of GATT ministers forms an excellent forum in which solutions for world trade policy problems can be achieved.

Further harmonious growth of the European Community will create the conditions for strong growth in employment opportunities.

In addition, it is essential to develop a European social policy with the accent on dialogue between the social partners, aimed at a tripartite effort to deal with long-term unemployment.

If European expenditure is closely controlled, an increase in the basis for the Community's own resources to 1.6% can be considered soon. The government will make this conditional on concrete progress in the necessary harmonious development of the European Cooperation.

Cooperation with like-minded countries in the fight against terrorism will be pursued wherever possible. The government welcomes the fact that within the EEC such cooperation is increasingly extending to serious forms of international crime.

EPC

In the field of foreign policy too, Europeans must join hands. The Twelve must aim continuously to arrive at joint positions and an active joint policy.

The role of Europe is tied to that of other Western democracies and particularly to that of the United States. In view of the fundamental common interests and the existing differences in emphasis on both sides of the Atlantic, it is important to keep tensions which arise under control. Not only with regard to security issues but also to regional sources of tension, an expansion and intensification of consultations with the United States is to be recommended. The greater cohesion being sought in the foreign policy of the Twelve will also offer a better basis for this.

South Africa

The cabinet is deeply concerned about the very serious developments in South Africa. Although steps have been made recently towards abandoning apartheid, the measures taken are inadequate. We therefore consider it necessary that international political and economic pressure on the South African government is increased. The coalition accord also refers to this specifically. Such pressure must bring the government of South Africa to initiate a national dialogue with the genuine leaders of the black South African population on complete abolition of apartheid in a peaceful way.

If, despite the European mission of British Minister (Sir Geoffrey) Howe, insufficient progress is made in the coming months towards an end to apartheid, the European Twelve should, in the government's view, take further measures against South Africa, partly in view of what was discussed in this respect during the European Summit in The Hague.

In addition, the government attaches great value to further expansion of the programme of positive measures, such as support to churches and trade unions and reinforcement of the EC Code of Conduct, and to the Dutch national 'Second Track' policy.

NATO, in which cooperation with America is rooted, continues to hold a central position in peace and security policy. The Netherlands will continue to make its contribution to the alliance. However, the cabinet also regards reinforcement of the European identity in the field of peace and security as desirable. The question here is not: European security with or without America, but whether we can enlarge the resources of the alliance as a whole through a powerful European contribution. The development of a European identity in the security sphere is a process which can be influenced politically, but should also be stimulated by practical economic and technological cooperation.

The advisory council for peace and security issues has been asked to advise on European security problems and on the form which European cooperation on security should take, bearing in mind cooperation in an Atlantic context and the process of European integration.

The maintenance of adequate defences in the framework of the Alliance is aimed at prevention of war and also creates room for an active policy aimed at dialogue and negotiations with the Soviet Union and other East European countries. In Moscow a new generation is in power. This probably provides openings for an improvement in East-West relations. A certain improvement in the climate between East and West could be observed in recent years; it is now a question of translating this into concrete terms at the negotiating table. There is a chance of positive developments, but a warning is also appropriate here against exaggerated expectations. The conflicts between East and West still run deep. The arms control agenda is still long and complicated.

There are also still difficult issues such as Afghanistan and the human rights situation in Eastern Europe. The government will therefore urge that the envisaged second meeting between President Reagan and party leader (Mikhail) Gorbachev does indeed go ahead shortly.

In the active arms control policy which the cabinet envisages, we will plead forcefully for the agreements of the Salt II treaty to be respected and for contraventions of its terms to be abandoned.

We also attach great importance to maintenance of the AMB treaty dating from 1972.

We give the very highest priority to achieving drastic reductions in the number of strategic and medium-range weapons, which are now the subject of negotiations in Geneva.

We will continue to work hard for an agreement on a complete halt to nuclear tests, if necessary to be achieved through a phased process linked to reductions in nuclear missiles.

Attention devoted to curbing the size of nuclear military potential must not be at the expense of efforts to achieve reductions in conventional arms. The cabinet will forcefully pursue the achievement of a general, world-wide verifiable ban on the production, storage and use of chemical weapons and rejects deployment of chemical weapons on Dutch soil and by the Dutch armed forces.

Work on implementing the decision to deploy 48 cruise missiles on Dutch soil, taken on November 1 last year, will be completed in 1988.

If, as the result of an INF agreement being reached, no cruise missiles or a smaller number are deployed, then abandonment of the nuclear tasks of the F-16 and Orion aircraft will be reconsidered in consultation with the alliance, as stated in the coalition accord.

In the territory to be defended by the Dutch army in the central sector, nuclear artillery is essential. In order to reduce its vulnerability, Dutch 'mission teams' will be formed for the 8 inch artillery. Our country will thus make a proportional contribution towards implementation of the Montebello decisions.

Defence has not been spared from the overall restriction of government expenditure. The real annual growth of defence expenditure will therefore, in a departure from the proposals of the 1984 defence policy memorandum, be limited to 2%. The operation of streamline the government service, mentioned in the coalition accord, relates to civilian personnel at the defence department.

Development Cooperation

The recovery of the world economy and the fall in energy prices have had favourable effects for many developing countries. However, the situation in a number of countries and regions continues to give undiminished cause for concern, particularly in sub-Saharan Africa. In a growing number of developing countries, including those in the afore-mentioned area, awareness is growing that a structural improvement of economic prospects can only be achieved through effective government policy and greater involvement of all sections of society in the development process. The government seeks to stimulate a structural improvement in the economic prospects for these countries.

The international community should allow financial flows to developing countries to be as extensive as possible, naturally with special attention to the poorest countries. Lightening the (official) burden of debt of these countries in cases where this is possible and, promoting private investment play an important role, as does at least maintaining the flow of concessional resources. Against this background, the budget for development cooperation will be retained at 1.5% of the re-estimates NNI.

In addition, interest subsidies covered by budget funds will be stabilised at 1986 levels. The erosion of the budget for development cooperation has thus been brought to a standstill. In addition, the government will make efforts on behalf of the developing countries in international foras, including those in which trade and raw materials problems are discussed and it will strive for borders to be opened to the maximum for products from developing countries.

The new round of trade talks envisaged will also play an essential role in this in the coming cabinet term. Bilateral projects and programmes will need to correspond more closely to the actual requirements of developing countries and should be better coordinated by the donor countries among themselves, particularly in a European

context, and in cooperation with the multilateral organisations. Knowledge and experience available in our society will be used as fully as possible.

As the coalition accord states, aid to the Netherlands Antilles and Aruba will be maintained at 5% of the ceiling for development cooperation in the coming cabinet term.

Improved coordination of policy, insofar as this is relevant to developing countries, will be facilitated by the formation of a Council for Development Cooperation.

Conclusion

The cabinet which has now taken office appreciates that it has a difficult task ahead.

Progress and renewal; that is what the cabinet wants, but it will certainly not be able to achieve it alone.

We wish to achieve a further reduction in unemployment, so that everyone may develop their potential through paid or unpaid work. But this demands solidarity of all and for all.

Work must take precedence over incomes; creating work, sharing work, giving people chances; seeking out the unemployed person; that demands a broadly-based social effort.

After all the adjustments made, we now want to provide lasting security for those dependent on social security benefits, and also for those who enjoy a well-deserved pension. But that means strict discipline and the courage to make changes in order to make our economy healthier, so that individuals and companies will become less dependent on benefits and subsidies.

We also want to reduce fraud and malpractice. This is necessary, for otherwise sooner or later solidarity - the willingness to share in carrying the cost of valuable provisions - will disappear among a growing number of people.

We want to see emancipation, so that everyone will have the opportunity to develop their potential. Chances for women no less than for men, but also for all those who all too often are genuinely in a deprived situation.

But that means that tolerance must go hand in hand with the genuine will to offer everyone a chance, and so to eliminate deprivation and discrimination; a choice by all for all; otherwise it will not work.

We must not burden the future with a gigantic public sector debt; we must not go on shifting dues into the future. Yet it is difficult to make that retrenching, streamlined, economising government a reality.

It is all the more difficult now, precisely at the moment when many citizens and companies see that things are getting better, that government natural gas revenues are plummeting.

Familiarising ourselves with new technologies and informatica, developing them and benefitting from them as a society. That demands a tremendous educational effort and most of all, the will not to leave groups behind, excluded from the labour process. That obliges us to make efforts for all, but most of all requires an effort from all.

We aim to combat criminality. The citizen has a right to that. This too will be a hard battle; for the entire administration; not only for the police and the prison service. This also concerns the structure of society, which must be both a practical and an idealistic concern for us all.

We must make the most of our country's opportunities but not drain them; to use that opportunity but not to exhaust it or overload it; to make efforts to ensure that we hand over our country to the next generation in at least as good and beautiful a condition as when it was entrusted to us.

To encourage right and justice beyond our own borders. That too is difficult.

Foreigners and refugees here; and poverty and conflicts there. And also arms control and arms reduction.

A long march too, to arrive at European unity, at a Europe with a more dynamic economy, but also with a human face, which is genuinely able to maintain peace between East and West, genuinely able to promote peace; a Europe that takes the Third World seriously and offers it real opportunities.

That is the aim of the cabinet.

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AZORES' MOTA AMARAL: RELATIONS WITH U.S.

Lisbon SEMANARIO in Portuguese 12 Jul 86 p 3

[Article by Luis Quintao]

[Excerpt] Joao Bosco Mota Amaral is known for his great serenity. He does not become disturbed nor does he get excited for anything. He usually does not speak too much nor out of turn. He has been in office longer than any other official in democratic Portugal. No one has been able to equal his 10 years in office. As further proof of his political ability, he has the unbeatable record of having gone from a Marcelist [a follower of Marcelo Caetano] to a democrat. He has been in office since 1969, first as a deputy in the National Assembly (until 1974), then as a deputy to the constituent assembly in 1975 and since 1975 he has been president of the regional government.

This is the serene, prudent, austere and exacting man who a few months ago started a campaign to revise the constitution. This revision would eliminate the office of the minister of the republic (from now until then Mota Amaral is calling for an Azorian civilian be appointed to that post) and change the political-administrative statute for the Azores.

After the Vasco Rocha Vieira nomination as minister of the Republic, it was also Mota Amaral who publicly attacked the selection criteria and showed reservations about his reception.

What makes Mota Amaral run? What is making him run in a direction that is so different from his usual conduct? The answers to these questions are very important.

Mota Amaral--the Statute and the Leadership ...

One explanation is direct and appealing. Mota Amaral reportedly directed (even dramatized) general public attention to the appointment of a minister of the Republic to make room in the negotiations for the political-administrative statute that is to be debated in parliament.

Public opinion, especially that segment of the public that is more knowledgeable, would be distracted from the statute and its changes and instead focus on the controversy over the minister of the republic. Later, it would have to accept some form of compensation (greater autonomy for the Azores) because of the minister's appointment.

After the alleged anti-autonomy affront (the minister of the Republic's appointment), it would be easier for the members of parliament in Sao Bento to subscribe to or support wider regional powers as a kind of belated consolation prize.

Mota Amaral, who remembers the battle he had in 1982 when the constitution was revised, would be using a diversionary maneuver of great psychological pressure.

It is a seductive explanation because it means that Mota Amaral is exploiting a government error that allowed an important decision to lay dormant for 4 months. However, it does not appear to be a complete justification.

Can it be that Mota Amaral also wants to secure his effective leadership of the Azores and as a result he is taking a step (that had not been taken before) to turn the president of the regional government the number one politician in the region?

Until now the minister of the Republic was a thorn stuck on the side of that leadership, a shadow cast over its affirmation.

The proposal of having an Azorian civilian nominated for this post is a case of proposing the most to obtain somewhat less; even a non-Azorian civilian. A civilian is also an important step toward the goal of eliminating the office of the minister of the Republic. So, there is nothing more natural than to see Mota Amaral trying to force the tone of that selection.

Mota Amaral has known several ministers of the Republic and he had problems of greater or minor importance with several of them.

Therefore, a new military minister of the Republic who is esteemed and known for his vigorous personality is not at all attractive to Mota Amaral.

Mota Amaral always wants to ride the autonomist wave by trying to stop the more radical impulses that reacquiesced after the presidential elections (in one or another point). An example of this were the emotional articles written in a regional publication that denied Mario Soares the legitimacy of having won the elections in the Azores because of the results he obtained there.

The U.S.A.: A Good Explanation

We can add to these revealing clues one other than is circulating, especially among diplomatic circles, on the inclinations of Joao Bosco Mota Amaral. It also merits attention.

Until now, Mota Amaral has been the U.S.'s main man in the Azores and these islands are gaining greater geostrategic importance in America's foreign policy in the Mediterranean and the Near East.

Suddenly, there is a minister of the Republic who is also agreeable to the United States. It considers him to be an intermediary and can use him as such in the near future.

This unexpected challenge, to a position he believed was secure, is reducing Mota Amaral's room to maneuver because it is introducing a perturbingly new factor into his sphere of action.

Also, Rocha Vieira can report to Mario Soares and Cavaco Silva in a way that few could, that is, with the knowledge that he would be able to have a dialogue with both.

This is the type of minister of the Republic who can reduce or tone down the effects of some of Mota Amaral's personal trump cards which he has been cultivating for a long time (for one, the influence he has through his American contacts).

Looking toward the future, Vasco Rocha Vieira's presence, no matter how circumspect, is a constant concern for Mota Amaral in each step he takes as leader of the Azores and even in every moment he makes toward a 1991 candidacy for Belem. The United States is a central component of the Azorean situation (and others) and having the role of exclusive intermediary is completely different from having someone else share it with you, especially if this someone else has a great deal of military and political prestige.

This is a very strong reason for Mota Amaral's reactions. He is a political who decided to leave aside his habitual quietness to fight for his own interests.

He has the misfortune of having Mario Soares, Cavaco Silva, the government, and the political parties (for once together) lined up against him. The PCP, which is interested in consolidating its hold in the Azores, is the exception to the above. It is trying to change its reputation as an anti-autonomist and, of course, it wants to halt a U.S./Rocha Vieira dialogue. Mota Amaral also has opposing him a general officer with stature.

As a result, he has had to step back and resign himself to accepting Vasco Rocha Vieira as the fourth minister of the Republic for the Azores since 1976.

NO REFORM SPIRIT SEEN IN NEW PS LEADERSHIP

Lisbon SEMANARIO in Portuguese 12 Jul 86 p 8

[Article by Manuel Villaverde Cabral]

[Text] The Socialist Party is going to be true to itself, said its new leader on television yesterday. This promise may be interpreted in many ways. I believe, however, that the best interpretation points to criticism of the "untruthfulness" of the last years under PS governments headed by Mario Soares. But untruthfulness to what and to whom? It cannot be untruthfulness to the party program and statutes because these were just changed. It is, I presume, a rediscovery of the party's original soul. By crossing out Marxism, the new party leadership is affirming that if the party's soul is really leftist, it is, in the modern sense, more Christian than Social Democratic. Also, the care taken by the new leadership to dispel any shadow of liberalism confirms the growing power of the semi-revolutionary ideologies (penitent and utopic) over the Portuguese Left. In this sense, this PS congress was, as expected, a clear retribution for the candidates Mario Soares beat in the first round of the presidential elections. Looking at it from the perspective of creating new ideas for the Portuguese Left, we stepped back 6 months.

However, the reversal was even greater. It is true that the former prime minister's pragmatism did not always correspond with a clear and logical reformist strategy. It is to him, however, that we owe the very few reforms parliament passed since 25 April. From now on, despite some talk of reforming the political and economic system, all indications are that the PS' parliamentary group will oppose any new measure to modernize. It will do so with electoral reform all the way to revising the labor and nationalization laws.

In effect, the PS' newfound fidelity not only means respect for the rhetoric of the Christian Left but it also has something to do with an old "social majority" that emerged to elect the current president of the Republic. We are constantly reminded that the "presidential majority" ended on 17 February but it is obvious that if the PS has any ambition to govern without forming alliances to its right then it must regulate its behavior by the traditional values and aspirations of

the "social majority of the Left." This tradition is known. It is imbued with a collectivist and protectionist ethic. It represents everything that is contrary to the new ethic of responsibility and individual risk that characterize modern times.

Realistically, in so far as the polls indicate, it is not impossible for the PS to increase its share of the vote in the near future. The only thing is that such growth will not lead to any majority. On the contrary, the PS' electoral growth has little or nothing to do with its new fidelity. It is due to the bipolarization of our political system which resulted from Dr Cavaco Silva's rise to PSD leader and Dr Mario Soares' election to the presidency of the Republic.

Most of all, it is the result of how this government has played its role; showing the opposition that it has no way of bringing the government down as long as it remains electorally disunited. Hence, the inclination of many communist and Eanist voters to vote for the PS even before the latest news. The only thing here is: the PS' expected growth will occur at the complete expense of the Left's electorate. All indications are that the Left will continue to lose votes overall. The majority of the Left was never as meager as it was for the second round of the presidential elections. At that time, the PS was still lead by Mario Soares whose moderate and patriotic background constituted a guarantee that no one else could give. It was a guarantee that the Portuguese Left, given the road it has chosen to take, will not soon be able to replace.

In effect, not only does the PS appear to have reversed itself ideologically and socially to its antifascist period it has also lost that national and international dimension that Mario Soares gave it. In essence, it is not enough to have a sprinkling of youth, technocracy and solidarity to raise the PS to the stature of a great government party. By deliberately lowering its ambitions to representing the traditional interests of the "people of the Left," the PS may be able to increase its votes relative to October 1985 but, it seems to me, it has condemned itself to a rest in opposition so prolonged that I do not know if the current party leadership will be able to stand it.

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MINISTERS' PERFORMANCE ASSESSED AFTER 200 DAYS IN OFFICE

Lisbon SEMANARIO in Portuguese 5 Jul 86 p 7

[Article by Edgar Andrade]

[Text] The government is 200 days old. Given that this is the period when examinations are held, it is fit to judge its ability. When we test the ministers, the results show that only two members of the government (which obtained an overall average of 14) failed.

The government's overall average is 14 although the prime minister obtained an individual average of 17, two ministers got 16's, and three 15's. [Note: Portuguese schools grade on a scale of 0 to 20. Any grade less than a 10 is considered failing]. Only two cabinet members got failing averages because they obtained more than one failing grade. One minister had four failing grades.

Here is a chart of the 14 ministers' grade distribution and a brief analysis on whether or not significant improvement can be expected in the 1986-87 academic year.

Anibal Cavaco Silva

He received an excellent in public image, a very good in day-to-day management and rated very high in conception and political innovation. His grades were not as high in openness to dialogue and selection of political personnel (starting with some of his own ministers). In these areas he obtained an equal or lower grade than four of his ministers.

He has had a great academic year. He ended the year with a 17 average. He has the potential to obtain a higher average.

Eurico de Melo

He is very predictable, even when being cautious. He obtained a high rating in openness to dialogue and public image. He is not too off the mark in day-to-day management, political innovation and personnel selection. He is the ideal number two man. He does not overshadow his superior with a 15.4 average (almost 16). He can either improve or simply settle down.

Fernando Nogueira

Frankly, he rates a good in openness to dialogue. He is the best in the government in this category. He even beat Cavaco Silva, Eurico de Melo, Alvaro Barreto and Pires Miranda. He obtained a good mark in political innovation and public image (especially since he is the cabinet spokesman). He is somewhat off the mark in the day-to-day management category and also in selection of political personnel (an area where he can improve). Nevertheless, he got a 15.6 average which puts him among the top three ministers in the government. He has what it takes to improve given time.

Luis Valente de Oliveira

He is reasonably good in day-to-day management (great capacity for work). He is average in everything else as the 14.6 average he obtained (7th place) indicates. Could he get a 16 in the event his work this year begins to bear fruit? Otherwise, he has a calm and calming public image but not an impressive one which, as a matter of fact, is typical of all office types.

Leonardo Ribeiro de Almeida

His grade in openness to dialogue is noteworthy. He is weak in personnel selection and in public image (especially if we take into account that he is the defense minister). He is very weak in day-to-day management and political innovation. He got an 11.4 average, however, two failing grades caused him to fail the academic year. Were he to repeat, he would have to do much better, at least in principle...

Mario Raposo

He rates relatively well in openness to dialogue but less so in personnel selection and public image. He is weak in political innovation and especially day-to-day management. He did worse than in 1978/79 and 1980/81. He got a 13.8 average which is lower than expected. Could he possibly improve or has he already reached a rounded-off 14 average?

Miguel Cadilhe

He did reasonably well in day-to-day administration, less well in political innovation and personnel selection. He has a weak public image (especially for a finance minister). The only dark spot was a failing grade in openness to dialogue which lowers his average to a 13. It is a passing average that contains one failing grade that represents less than Cadilhe's real worth.

Pires Miranda

He is as much of a standout as Alvaro Barreto. He got a 15.2 average. He got a good grade in openness to dialogue and public image. He did reasonably well in day-to-day administrative ability and political

innovation. He did not do as well in personnel selection. He conducted himself with merit during this academic year and may obtain a 16 average. We shall see...

Alvaro Barreto

He obtained the same average as Pires Miranda (15.2) and as a result they share fifth place. He did well in openness to dialogue and public image. He did less well in personnel selection and day-to-day management. His results fell far short of expectations and also short of the 1978/79, 80/81, 83/84 and 84/85 academic years: Weariness and a certain amount of apathy at the end of this academic year. He is worth much more than the grade would suggest to us.

Santos Martins

This was a disastrous academic year for Santos Martins. He got 9's in everything except for a 7 in political innovation and an 11 in openness to dialogue. He finished with a 9 average: a clear failure. He did nothing from December until now. It is doubtful that he can do any better, even if he repeats.

Oliveira Martins

Much was expected of him but he has fallen short of expectations. He did relatively well in openness to dialogue and public image but not as well in day-to-day administration and political innovation. He is weak in personnel selection (the area where he is least successful). He got a 14.2 average ranking him among the average. He may go up to a 15 by improving on his weak points.

Deus Pinheiro

His grades declined in comparison with the 1983/84 academic year. He has his head in the clouds. He did well in openness to dialogue and slightly less well in public image and day-to-day administration. He is weak in personnel selection and political innovation. He has chosen to finish out the academic year without doing any work or plans for the future. He finished with a 13.8 average just as Mario Raposo and Mira Amaral did. He appears to be happy with his rounded off 14 average. This does not foretell great improvements for the next academic year.

Leonor Beleza

She was a wonderful surprise. She showed a slight improvement relative to the 1982/83, 83/84 and 84/85 academic years. She got two 17's one in day-to-day administration and the other in public image (the strongest showing following Cavaco Silva). She only got a 15 for political innovation. Her weak points are personnel selection and openness to dialogue. Nevertheless, she has a good average that puts her in second place in the government ranking.

Mira Amaral

He is average (on the weak side) with a 13.8. He obtained 14's in everything except political innovation where he got a 13. It is difficult to know if with more diligence he would surpass this rounded-off 14 average.

Chart on following page

RANKINGS

<u>Name</u>	<u>Day-to-Day Administration</u>	<u>Political Innovation</u>	<u>Personnel Selection</u>	<u>Openness to Dialogue</u>	<u>Public Image</u>	<u>Overall Result</u>	<u>Ranking</u>
Cavaco Silva	18	17	15	15	19	16.8	1st
Eurico de Melo	15	15	15	16	16	15.4	4th
Fernando Nogueira	15	16	14	17	16	15.6	3rd
Valente de Oliveira	16	15	15	15	15	15.2	5th
Leonardo R. Almeida	9	9	13	14	12	excluded	13th
Mario Raposo	12	13	14	15	14	13.8	9th
Miguel Cadilhe	15	15	14	9	13	13.2	12th
Pires de Miranda	15	15	14	16	16	(1 failure) 15.2	5th
Alvaro Barreto	15	14	15	16	16	15.2	5th
Santos Martins	9	7	9	11	9	excluded	14th
Deus Pinheiro	14	13	13	15	14	13.8	9th
Oliveira Martins	14	14	13	15	15	14.2	8th
Leonor Beleza	17	15	14	14	17	15.8	2nd
Mira Amaral	14	13	14	14	14	13.8	9th

9935/12223

CSO: 3542/124

PSD's CAVACO SILVA-PS' CONSTANCIO: LEADERS FACE TO FACE

Lisbon SEMANARIO in Portuguese 5 Jul 86 p 6

[Article by Marcelo Rebelo de Sousa]

[Excerpt] There is a myth surrounding Dr Cavaco Silva that describes him as an ascetic populist. The myth surrounding Dr Vitor Constancio is that he is a reformist/technocrat. Portugal will witness a duel between these two for which it has every right to feel proud.

Knowing How to Keep the Myth Alive

Dr Cavaco Silva has shown until now that he knows how to use luck, exercise his charisma, and to keep the myth alive.

He has done so at the most difficult times and with undeniable effectiveness. He has used the populist appeal, the troubled and solitary figure, the return to the roots (for example, his trip to the Algarve just before the confidence vote to demonstrate his power), the role of a victim who nevertheless anticipates and courageously confronts his fate.

Is it possible that Dr Constancio is capable of keeping his myth alive?

He has maintained and strengthened the PS' unity. He has avoided lateral plays by Dr Jaime Gama's associates who covertly receive support from Belem. He has satisfied (supposedly at least) so many contradictory expectations from groups that battle one another and have little in common other than their banner.

He has done so without belittling or contradicting himself. He has placed himself above them, not as a first among equals or the top baron but as the true leader of the PS.

He speaks directly to all Portuguese and presents them with an alternative while he remains above the games of the entire Portuguese Left.

He is showing political ability and, above all, vitality, decisiveness, vigor and boldness.

D. Vitor Constancio will only represent the alternative he should be if he knows how to keep and strengthen his mystical appeal.

He has little time in which to do it; a bad start is fatal.

An imperfect start is dramatic. A hesitant post-congress is a confession of the precariousness of his victory.

He has on his side the greater expectation created by someone in the Portuguese Left during the last few years. Not even Gen Eanes, with his silence that evokes ingenious interpretations, was able to meet these expectations.

He also has on his side the desire of many to have him prove to them in the next 2 years that the myth is not baseless.

Furthermore, he has on his side the fact that Dr Cavaco Silva prefers to have him as an adversary.

Deep deep down against him are many people who apparently rejoice with his victory: the PCP, which fears a reversal; many Eanists, who fear a great loss; Dr Mario Soares, who had to accept him with bitterness as his successor but who awaits the leadership clashes. Even Dr Cavaco Silva will change from the fair play of a combatant to the quick counter attack of the threatened as soon as Dr Constancio's myth begins to threaten him. Also against him is the need to make speeches that are contrary to his image of a blunt moderate, a pipe smoker in the Harold Wilson mold.

9935/12223

CSO: 3542/124

ANKARA TERMS KIPRIANOU INVITATION TO OZAL 'RIDICULOUS'

Istanbul MILLIYET in Turkish 26 Jun 86 p 5

[Article by Akay Cemal: "Kiprianou's Invitation to Ozal"]

[Text] Nicosia - The Greek Cypriot administration rejected Turkish Prime Minister Turgut Ozal's proposal for NATO mediation of Turkish-Greek disagreements, including the Cyprus problem.

The Greek Cypriot government spokesman, asked to comment on Ozal's speech, said that the Cyprus problem was an international problem and belonged in the United Nations framework.

Commenting on Ozal's invitation to Greece to discuss the Cyprus problem within the framework of Turkish-Greek differences, the Greek Cypriot government spokesman said, "The Cyprus problem has been and is an international problem. It is in the UN framework for this reason. If it were a bilateral problem, Ozal should address himself to the Cyprus government, not the Greek prime minister."

Greek Cypriot political circles are describing these comments by the Greek Cypriot spokesman as "Kiprianou's invitation to Ozal to negotiate."

The Greek Cypriot spokesman claimed that Prime Minister Ozal's trip to the TRNC [Turkish Republic of Northern Cyprus] would negate peaceful initiatives being made for the solution of the Cyprus problem. The visit "is a new provocation proving Turkey's ill will and true intentions towards Cyprus," he said.

Greek Cypriot reactions to Turkish Prime Minister Turgut Ozal's trip to Cyprus continue, in the form of concentrated preparations for protest demonstrations.

Pan Cyprus Refugees Committee Chairman Artemiou said at a press conference that Ozal's arrival would not be a visit but an attack, and called upon the Greek Cypriot people to attend a rally to be held in "Freedom Square" in Nicosia on 1 July.

Meanwhile, some Greek Cypriot newspapers in Nicosia carried Prime Minister Ozal's remarks to Greek journalists, stressing that Ozal had pointed out once again that it was not Turkey's intent to seize all of Cyprus and that the Turkish troops in Cyprus were here in accordance with agreements, and using headlines implying their disbelief of his assertion that the Turkish troops guarantee the peace.

"Ridiculous Proposal"

That the Greek Cypriots, who have rejected UN Secretary General Perez de Cuellar's proposals, should suggest that it was necessary to discuss the Cyprus problem with Ozal to find a solution was greeted in Ankara as "ridiculous." According to a report by our colleague Nilufer Yalcin, authorities recalled that Kiprianou had made "this kind of wanton statements before, having suggested in the early 1980's that 'My counterpart is Turkish Head of State Kenan Evren, not Denktas.'" They said, "Kiprianou's counterpart is TRNC President Rauf Denktas only and he knows this but will not give up his efforts to deceive world public opinion." The feeling in Ankara is that such a proposal "cannot even be taken seriously."

Greek Cypriot demonstrators will close the only cross-over point on the line between the two sectors during Ozal's visit to the TRNC, preventing passage to the Turkish sector.

Meanwhile, Greek Cypriot administration leader Spiros Kiprianou will go to France on 2 July for talks with President Francois Mitterrand and Prime Minister Jacques Chirac.

8349

CSO: 3554/126

COMMENTARY ON EAST EUROPEAN POLICY

Istanbul MILLIYET in Turkish 26 Jun 86 p 10

[Commentary by Sami Kohen: "Opening to the East"]

[Text] President Kenan Evren's trip to Hungary must be evaluated as another step in the Turkish foreign policy of "opening to the East."

Prime Minister Ozal's trip to Romania on the heels of that visit, Foreign Minister Halefoglu's trip to Czechoslovakia and Poland and, finally, the prime minister's trip to the Soviet Union later in the summer all show that Ankara is about to launch a new campaign to rejuvenate relations with the East Bloc. This "diplomatic initiative" is a parallel development to Turkey's efforts to strengthen its ties to the Middle East, to normalize relations with Western Europe and put cooperation with the United States on new foundations. In other words, "opening to the East" is a new indication of the "multilateral" aspect of Turkish diplomacy.

There are a number of reasons for Ankara's wanting to revitalize the rather dull period in its relations with the East Bloc lately: Some of the countries are neighbors. We have historically had close relations with some of them. Even though regimes and political views now differ, it is good both for us and for the region to establish close relations with these countries.

Turkey is, coincidentally, a Balkan country and, even though relations with our two neighbors have deteriorated at present, there is no reason for Ankara not to play an active role in this region. Nevertheless, there is also an element of "economic gain" in these relations. As a rule, there has been a remarkable slowdown, even reversal, in trade and economic cooperation with the East in recent times. The trade balance is against Turkey. Yet, Eastern countries may be a good market for the outward-oriented Turkish economy.

Doubtless, another element in addition to all these ideas which plays an important role in the "opening to the East" policy is our deteriorating relations with Bulgaria. These visits show that rapprochement between Turkey and the East Bloc is quite possible despite the "Bulgarian factor." These trips will make it possible for Turkey to convey its thoughts and expectations on this matter to the Warsaw Pact members which may be influential with Bulgaria.

At a time when every effort is being made to develop relations with the East, it would be a mistake both in timing and tactics for Ankara to say "Don't come" to a Soviet delegation making contacts on the Cyprus problem.

What will happen if this delegation comes to Ankara? It will explain what the Soviets are thinking on a solution to the Cyprus problem. And, doubtless, it will wish to learn Turkey's view in more depth. There ought to be no harm in that. On the contrary, it could be useful.

One may ask why Turkey should pay heed to a distant voice when the U.N. secretary general's initiative is in progress. If the Turkish Foreign Ministry wants to make it clear that it does not want others to cast a shadow on Perez de Cuellar's efforts right now, telling the Soviet delegation not to come is not the only, or rather best, way to do this. These men should be welcomed and then courteously given the necessary message. And, in this way, the creation of an unnecessary chill will be avoided prior to Ozal's trip to Moscow and during the visits being made to Eastern countries.

The USSR is one of the countries that does not favor the prime minister's trip to Cyprus next week and is alarmed by it. It is clear, in any case, that Moscow's views on the Cyprus problem are rather different from Ankara's and closer to the attitude of Athens and the Greek Cypriot sector of Nicosia. However, the USSR is the one that always says differences of views on certain problems should not be an obstacle to better understanding and closer relations between nations...regardless of whether these nations are in the same alliance or opposing blocs.

Actually, this is a principle which Turkish foreign policy recognizes, is it not?

8349

CSO: 3554/124

TURKS DISCUSS TORTURE AS STATE POLICY

Istanbul MILLIYET in Turkish 26 Jun 86 p 8

[Report by Beran Akincilar: "Gunes: 'Torture is State Policy'"]

[Text] Cologne - SDPP [Social Democratic Populist Party] national deputies Fikri Saglar and Cuneyt Canver and Istanbul provincial chairman Hasan Fehmi Gunes, who are attending the general assembly of the pro-social democratic "Populist Revolutionary Federation" (PRF) as guests, spoke at the Social Democratic Forum in Cologne, a function arranged by the same organization. The first person to speak at the forum, in which PRF delegates and guests participated, was Deputy General Chairman and Icel national deputy Fikri Saglar, who explained the goals of the social democratic view in Turkey, read the SDPP Grand Convention bulletin and said, "The SDPP did not lose respect at the Grand Convention."

SDPP Deputy General Secretary and Adana national deputy Cuneyt Canver talked about torture, which had been given to him as the topic of his talk. "Top administrators in Turkey do not say, 'Torture people,' I do not even think they are aware that torture is going on. However, when incidents of torture in police stations in Turkey are exposed, the administration in office never cracks down, thus creating a tacit sort of approval. Even our president is misled because of the cover-ups," he said.

Istanbul Provincial Chairman Hasan Fehmi Gunes opened his speech with references to incidents of torture: "The distinguished deputy general secretary spoke very moderately. I do not share his views. Torture has been the state policy in Turkey since 12 September. Methods of torture were taught by CIA agents. Torture did not occur during my term at the Interior Ministry. When we got reports of it, I gave orders to the generals under my command to prevent it." Gunes also said later in his speech that the RPP was the source of social democratic culture, that the RPP had been banned on paper, but had not been closed down in fact. "The Populist Party and the Social Democratic Party said destructive things about each other earlier because of pressure from the rank and file, but they merged despite the heavy accusations. The SDPP and the Democratic Left Party will also merge and win election," he said.

8349

CSO: 3554/126

BRIEFS

PETITION FOR AMBASSADOR'S RECALL--Ankara has received with concern a letter with 7,000 signatures which had been presented to the Swiss government for the recall of Turkey's Bern ambassador, former General Secretary of the National Security Council, retired General Haydar Saltik. The Swiss charge d'affaires was summoned to the Foreign Ministry to receive the Turkish government's reaction. The concern felt over the Swiss government's acceptance of the letter bearing 7,000 signatures was expressed during the meeting.

[Text] [Istanbul MILLIYET in Turkish 26 Jun 86 p 3] 8349

CSO: 3554/124

NEWSPAPER SEES DANGER IN RECENTLY DEVELOPED UNION TACTICS

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 14 Jul 86 p 1

[Editorial by Ernst Guenter Vetter: "An Alliance of Good Will"]

[Text] The summer recess in politics would also be a good time to reflect on the social relationships. A lot of bridges have been burned in recent months. It doesn't help much to point out the mistakes of others. All participants must try together to maintain the fertile ground on which social progress can develop. Meant here are the capability of making reasonable compromises in wage policy and a basic agreement concerning the responsibilities of unions and associations within a free society. It would be ominous if the election campaign were allowed to endanger the social consensus.

This is not an unjustified concern. In the last two years, some trade unions have represented themselves less and less as collective bargaining parties and politically independent representatives of the interests of all wage earners, but rather as a political power that attempts to oppose the government and the state. In this role, the union must transform itself from a tariff partner into a kind of political party. Quite a bit of admonishment has come from some within its own ranks, who try to counteract such a degeneracy. For example, at the DGB [German Trade Union Federation] Congress in May, Hermann Rappe, chairman of IG Chemie warned his colleagues against "acting too presumptuously with regard to the state and society."

Rappe knows very well that after such a metamorphosis, the trade union movement would inevitably lose its significance as an independent unified trade union. On the other hand, it borders on political cynicism when influential people from the SPD encourage precisely this development for reasons of election strategy. The executive secretary of the SPD, Glotz, recently spoke of the "classical division of labor, here the union, there the party, as a political arm of the workers' movement." This would mean a rebirth of the action group in the socialist workers' movement, which was characteristic of the end of the previous century and for politically oriented trade unions. Such a reversal would mean the end of trade union unity.

The talk between the social committees and the DGB board on 17 July is of particular significance against this background. Norbert Blum, chairman of the social committees, spoke of "an 11th hour talk." He meant, of course, to

save the unified trade union. In the case of Bluem, the partly vicious, slanderous and untrue attacks--coming above all from IG Metall--on the CDU and on him personally left traces which cannot be very quickly eradicated. He is not planning revenge, but he does want to clarify the fact that the concept of the unified trade union is still valid in the DGB in its original meaning and is not to be understood in accordance with the definition of IG Metall and the secret wishes of leading SPD politicians as a "unity in the struggle against the federal government."

It is really true that the unified trade union, this "historical achievement," is threatened. At the same time, in many areas of wage policy, the situation is peaceful and reasonable. In the chemical industry, an important wage agreement concerning the elimination of disparities in the earnings of blue and white collar workers was concluded without much ado. Wage talks were completed in construction, mining, textiles and in the food and beverage industries without any great fuss. In the case of all of these unions, disagreements with the government were kept within a framework which is tolerable for a unified trade union. The leadership of these organizations are above all aware of the fact that cooperation with employers and observing the rule of a free economic order belong to the essential foundations of the successes of their unions.

Many talks between union leaders and employers have also recently helped to prepare future wage talks or at least to relax tensions in these relationships. Otto Esser, president of the employers' associations, is--as many of his recent speeches testify--a believer in reasonable cooperation. He does not have much regard for those colleagues who would rather use a supposed or actual weakness in the trade union movement to "discipline" it.

Nonetheless, it should be possible to maintain the idea of the unified trade union, particularly in view of the differing views within the DGB concerning tasks and political style of the union. To be sure, the other large party, whose members play a role in the unified trade union, the CDU, should also develop greater sensibility in its dealings with the union movement. For a long time now it has lacked more than just an independent concept for trade union policy.

It is also true that many younger CDU politicians see little opportunity for enhancing their political career in involvement with the unions. This is a "historic mistake." It is not simply ominous because it was made, but rather because this party evidently lacks the strength to correct it.

Thus the great historical achievement of the unified trade union is endangered, not only by the multi-targeted ideology of the socialists, but also by a certain ignorance on the part of the Christian Democrats. There are many reasons why not only a sense of responsibility, but also good will must ally themselves in this regard on all sides.

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CSO: 3620/769

SURPLUS IN FOREIGN TRADE FOR JUNE SURPRISES ECONOMISTS

Low Energy Prices Helped

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 86 Sec III p 2

[Article by Peter Gustafson: "Low Energy Prices Produced Trade Balance Surplus"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The surplus of 410 million kroner in the June trade balance is due primarily to low energy imports and a slight increase in industrial exports. The balance of trade in the first half of 1986 was no better than it was in the first 6 months of 1985.

Denmark again has a surplus in its foreign trade balance.

The latest figures from the Danish Bureau of Statistics show exports totaling 15.5 billion kroner in June, while imports added up to 15.1 billion kroner. This gave a surplus of 400 million kroner--or 410 million if the decimals are included. If the figures are corrected for seasonal variations, the surplus is reduced to 50 million kroner, but that is still better than the deficit of 358 million that we had last June.

The improvement in the balance of trade is primarily a result of lower energy prices. Thus in June fuel imports added up to only 1.2 billion kroner--1.7 billion less than the figure for last June and 350 million less than in May.

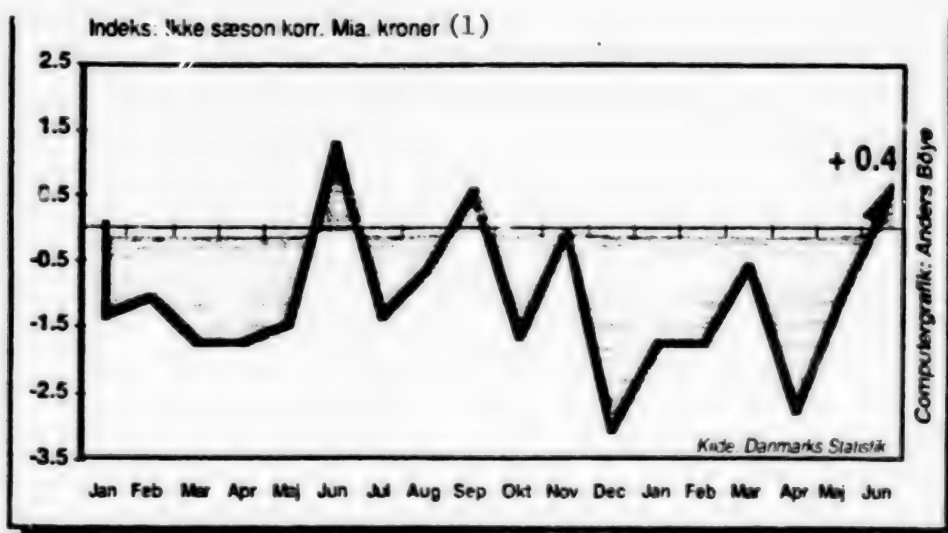
On the other hand, compared to last June more money was spent on imported consumer goods. In June 3.8 billion kroner went for imported consumer goods--about half a billion kroner more than we spent in the same month last year. But compared to this May, imports dropped slightly--by around 100 million kroner.

On the export side, sales of industrial products rose by half a billion compared to last June and by 1.3 billion compared to the preceding month this year. Exports of agricultural products declined sharply, however. In June exports totaled only 2.8 billion kroner compared to 3.0 billion in May and 3.4 billion in the same month last year.

The latest figures from the Danish Bureau of Statistics also make it possible to take a closer look at the first half of 1986.

When the figures are corrected for seasonal variations, there was a trade deficit of 7.5 billion kroner in the first 6 months of 1986 compared to 7.7 billion in the first half of 1985. However the virtually unchanged deficit covers some big shifts in imports. Fuel imports in the first half of 1986 showed a reduction of 7 billion kroner compared to the first half of 1985. If energy prices had remained at the 1985 level the trade balance would have shown a deficit of 14-15 billion kroner, in other words.

A large part of the trade balance advantage produced by declining energy prices was used for imported consumer goods, but there was also an increase in imported business goods (machinery and other capital equipment) in the first half of 1986 in comparison with last year.



Key: 1. Index: Not seasonally adjusted. In billions of kroner.

Source: Danish Bureau of Statistics

Surplus Surprises Economists

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 86 Sec III p 2

[Article by Peter Gustafson; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] There is no change in the balance of payments deficit that economists predict for 1986 following the publication of new trade balance figures for the month of June.

The economists were somewhat surprised by the new trade figures from the Danish Bureau of Statistics showing a surplus of 410 million kroner in June. Before the figures were released the trade balance for June was expected to show a deficit of around 1 billion kroner. A few "optimists" predicted a balance between exports and imports.

One swallow does not make a summer and the economists' prediction of a deficit in the trade and payments balance figures for 1986 as a whole has not changed as a result of the positive figures for June.

Handels Bank's chief economist, Per Bendix, said in a comment on the figures that they are "encouraging," but added in the same breath that we must not forget the reason for the good figures: the drop in the cost of imported fuel.

"In the first half of the year imports were 1 percent higher than they were in the first half of 1985, even though fuel imports declined by 7 billion kroner. Total exports are 1 percent below the 1985 figure because agricultural exports declined. This shows that a very strong increase in industrial exports is still needed to finance the rising consumer imports and compensate for the reduced agricultural exports.

"In spite of the encouraging figures for June, I do not believe--in view of developments in the first half of the year--that the deficit in the balance of payments will go below 25 billion kroner this year," said Per Bendix.

Andels Bank economist Rolf Ejlerlsen thinks the balance of payments deficit will be even larger.

"I still anticipate a deficit of around 30 billion kroner. At the same time I would like to emphasize that a surplus for a single month cannot be viewed as an indication of a shift in the negative development of the balance of trade. I regard a single good figure as simply a 'time out.' We have received a positive signal and now it is necessary to wait for more positive figures before we can decide if the change everyone is hoping for has really occurred."

Jyske Bank economists predicted a month ago that the total balance of payments deficit for 1986 will be between 28 and 32 billion kroner--but that the trade balance will show an improvement in the second half of the year. Even so, Jyske Bank economist Bjarne Ammitzboll regarded the new figures from the Danish Bureau of Statistics as surprisingly good. "I am pleasantly surprised by the increase in industrial exports in particular, but I would like to point out that the shift in the balance of trade suggested by the figures is not an accurate picture of what we can expect in the next 6 months. We have said that the trade balance will improve in the second half of the year. We stand by that statement, but we do not expect an overall surplus in the trade balance in the second half--just a somewhat smaller deficit, or perhaps equilibrium."

Politicians Comment on Figures

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 86 Sec III p 2

[Article by Per Lyngby: "Not a Turning Point"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] There is political agreement that the good trade figures for June do not indicate a turning point for the Danish economy.

One swallow does not make a summer, according to Social Democratic Party chairman Anker Jorgensen, commenting on the positive trade figures for June. He expressed in those words what the other Christiansborg politicians and Economic Affairs Minister Anders Andersen (Liberal) concede: the June figures are good, but we must see more figures like them in the months ahead before we can talk about a turning point for the Danish economy.

Anders Andersen told BERLINGSKE TIDENDE that the stabilization indicated in the May figures broadened in the latest trade figures.

"If we continue to have similar figures in the next few months, then the development will apparently indicate a more definite trend. But I would like to see those figures first," said Anders Andersen.

Anker Jorgensen said it was good news that the trade balance for June showed a surplus.

"But it would be rash to proclaim June the month of the turning point. For although there is a surplus, it could hardly be smaller. One swallow does not make a summer and it has taken a very long time to get here," said Anker Jorgensen.

He added that even though the figures are good, a total analysis shows that the government's economic policy does not represent the key to exportint our way out of our problems.

"This clearly underlines the fact that we need a more imaginative and goal-oriented industrial policy than the government has been able to come up with," Anker Jorgensen pointed out.

Paper Urges Caution

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 86 p 12

[Editorial: "A Miss"]

[Text] The people at the National Bank must have had a good laugh when they stopped making supporting purchases on the stock exchange and left the market to its own devices, as it was said later. Some stock experts regarded this as an indication that the trade figures for June would be much worse than

anyone had previously imagined. But there was no lack of imagination when a daily paper commented on the situation yesterday. It spoke of warning cards in all the colors of the rainbow being issued by the National Bank to the government. Now there was a need for measures to inspire confidence or at least an overall plan of action that would show, etc., etc. But card games can also include a joker.

The trade figures for June show a welcome shift from last year's deficit to a surplus when corrected for seasonal variations and for ships. A shift of around 400 million kroner. The result seems to confirm the tendency toward better balance that has been detected recently. The demand-limiting adjustments in December and in the Easter package cannot, by their very nature, have an immediate impact on foreign trade.

Whether a month shows a surplus or a deficit, the result always calls for renewed consideration of development trends in the domestic economy. And this is always a question of the size and composition of demand as a whole.

However there is no information at this time that justifies a decision to adjust demand. State and municipal taxes and expenditures next year will be the first important piece to fall into place. And although the figures for a single month should not be overinterpreted, at least yesterday's trade figure provides no justification for a rash adjustment one way or the other. But of course the goal of the government's economic policy must remain unchanged.

Perhaps the best lesson we can learn in connection with yesterday's foreign trade figure is that the reactions of the stock market should be taken with great caution. The explanations after the fact of why the market reacts as it does and what can be expected from it are often based on a flimsy foundation. Therefore the director of the National Bank was right last week when he called the recent stock exchange reaction with falling prices and rising interest rates hysterical. But even this bit of plain speaking on the part of the National Bank was misinterpreted. However there is nothing that can be done about that, as the economic affairs minister says.

6578

CSO: 3613/180

INDUSTRY INVESTMENT IN 1986 EXPECTED TO DOUBLE THAT OF 1982

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 86 Sec III p 4

[Commentary by Frank Dahlgaard: "Industry Investing 40,000 Kroner Per Employee This Year"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] New figures demonstrate that big profits are the best guarantee of investments in industry.

This year Danish industries will invest almost 14 billion kroner in buildings, machinery and equipment. This represents an average investment of 40,000 kroner per employee.

Thus industry has doubled its monetary investment since 1982--the last year we had a Social Democratic government. The investment boom under the four-party coalition government has meant the creation of tens of thousands of new jobs and has helped bring unemployment down to its lowest level in the last 6 years.

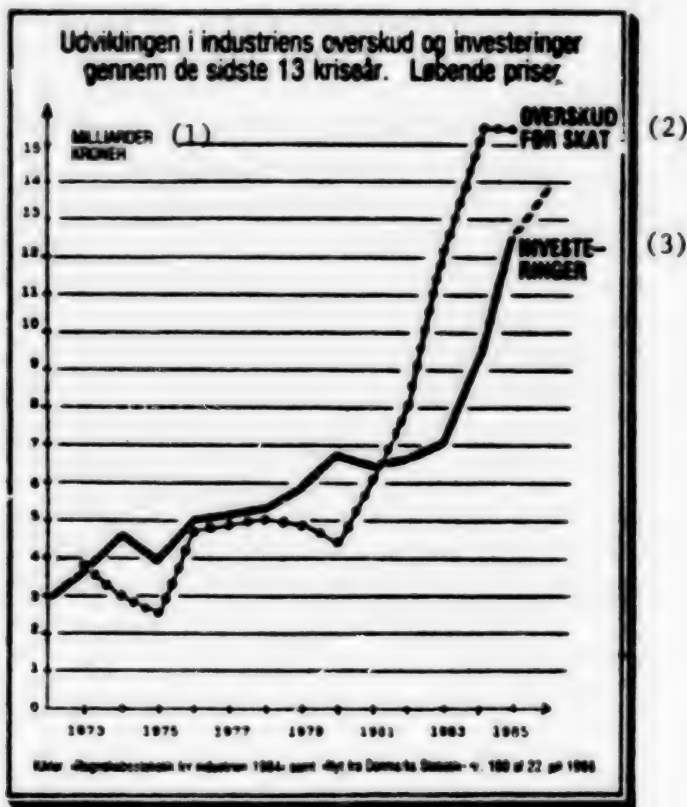
Last week the Danish Bureau of Statistics presented an interesting report on total industrial profits for 1985 and at the same time new figures on industrial investments were released.

These figures have received much too little attention in the newspapers--despite the fact that this is the summer season.

This was not the case 2 years ago when the Danish Bureau of Statistics released the corresponding figures for 1983. The Federation of Trade Unions [LO] issued comments that ensured that the figures were given widespread coverage in the press. The message then was that industrial profits had risen sharply from 1982 to 1983, but this had not led to any noticeable growth in investments.

"The capitalists are earning big profits as a result of the wage restraint exercised by LO members, but they are not investing the money in new jobs. That is why we must have Economic Democracy or some other form of investment guarantee."

That sums up the LO commentary on industrial profits 2 years ago. And the message was transmitted uncritically by TV.



Trend of Industrial Profits and Investments Over the Last 13 Years of Crisis.
(In terms of current prices)

Key: 1. Billions of kroner 3. Investments
2. Profits before taxes

Source: "Industrial Balance Sheet Statistics for 1984" and "News From the Danish Bureau of Statistics," No 160, 22 July 1986.

No Comment Now

When the industrial balance sheet was released last year, LO commented that investments had grown substantially between 1983 and 1984, but not enough in relation to the increase in industrial profits.

However LO has made no comment at all on the latest figures on industrial profits in 1985.

The probable explanation for this is that the latest figures show a continued sharp rise in industrial investments in spite of the fact that industrial profits have now leveled off at the 1984 level.

Apparently this development does not fit in with the overall views of the LO bosses.

Therefore they have remained silent.

The graph shows the development in industrial profits (before taxes) and investments since 1973. As we can see the two curves follow each other very nicely--but the shift in the investment curve comes a little later in relation to changes in the profits curve.

This "delay" is not at all remarkable. The money has to be earned before it can be invested.

Growth in 1986 Too

Of course the business sector does not invest in more production equipment just because the latest balance sheets are good. Sensible business leaders do not make investment decisions by "looking in the rear-view mirror."

The deciding factor is what they expect in the future. These expectations are related to future sales and earnings possibilities. Unless there is a prospect of making profitable additional sales, no investments will be made.

It is not enough that industrial production has a chance of making a profit. Unless yields exceed interest costs, the money is naturally invested passively in bonds instead of actively in new jobs.

The reason why investments were low under Anker Jorgensen's rule was precisely that bond interest rates greatly exceeded the yields on active industrial production. Starting in 1983, however, interest rates declined dramatically, while returns on industrial net capital rose. Thus it was once more profitable to invest actively and the result was the investment boom shown in the graph.

Best Guarantee

The average return on industrial net capital reached 23.5 percent in 1984. The 1985 figure is not known yet, but a return of around 20 percent on net capital seems likely.

Although the yield on active industrial production thus declined somewhat from 1984 to 1985 the "profit rate" is still almost twice as high as the effective return on bonds.

This relationship between yields on active and passive investment of funds is the best investment guarantee that one can have. Top industrial people and

"profit makers" are not idiots who invest their extra funds in bonds at 11 percent if there is a chance of making 20 percent on expanded production.

As the graph shows, industry invests an amount in active production that corresponds to profits before taxes. Profits after taxes—even in recent years—have been lower than the amount invested.

The LO bosses should not overlook this.

The latest investment survey from the Danish Bureau of Statistics shows that industrial leaders anticipate an 11 percent increase in investments from 1985 to 1986 in terms of current prices. This means that investment in industry this year will be close to 14 billion kroner, as shown on the graph.

The table below shows industrial spending on wages and investments per employee for the last 6 years. The average profit (before taxes) per employee is also shown.

As the table indicates, profits amount to only a quarter of wage costs.

Trade union leaders and economists never mention that when industrial balance sheets are discussed.

Wages, Profits and Investments per Employee in Industry for the Last 6 Years

<u>Year</u>	<u>Wage</u>	<u>Profit</u>	<u>Investment</u>
<u>Kroner per Employee</u>			
1980	109.000	12.800	19.400
1981	120.000	18.700	19.500
1982	132.900	24.700	20.200
1983	145.700	37.600	22.000
1984	152.500	45.500	28.400
1985	165.400	44.600	36.200

BRIEFS

FIRST FISHING SHIP BEYOND WATERS--Later this month the Greenland Home Rule Government will send the factory ship 'Simiutaq' into the Barents Sea for cod fishing. This will be the first time that a Greenlandic fishing ship will have undertaken fishing outside Greenlandic territorial waters. 'Simiutaq' is now based in Upernavik and is now taking fish from nearby waters. The ship will soon go to Denmark with its catch and then proceed to the Barents Sea. [Text] [Reykjavik MORGUNBLADID in Icelandic 6 Aug 86 p 30] /12232

CSO: 3626/44

DROP IN INDUSTRIAL PRODUCTION SEEN FOR FUTURE MONTHS

Athens I KATHIMERINI in Greek 25 Jul 86 p 7

[Text] In June, the situation of Greek industry with regard to orders from the domestic and foreign markets worsened. According to the monthly report of the Institute for Economic and Industrial Research [IOVE], most of the country's industries predicted a drop in sales, production, and exports for the next 3-4 months. It should be noted that the enterprises are blaming the slowdown in industrial activity on the insufficiency of working capital.

The predictions presently made by industry are even more unfavorable given that the implementation of the credit restrictions started in July. More analytically, the IOVE data show the following picture concerning developments in Greek industry:

The June deterioration, compared to May, is also due, according to industry's much more moderate assessments, on the decline in predicted growth which was expected until now. First of all, the actual industry data with regard to their production in May show that in that month industrial production remained stagnant or increased at a much slower rate than in April. At the same time, there was also a decline in levels of the overall market demand.

These assessments were made between 5 and 25 June and refer to the percentage increases of small orders. Also, assessments for the demand abroad, which a large percentage of industries considers weak, showed a similar development. The slackening of industrial activity, as the above assessments indicate, does not seem to have started to affect in an increasing way the reserves of ready-made products which this month are considered "normal" by a large percentage of industries.

Stagnancy

The aforementioned decline in industrial activity affects also negatively predictions concerning development in the next 3-4 months. These predictions, which in the last 3 months were steadily high, declined seriously in June due to the decrease in percentages of industries which predicted a rise in production, sales and exports. Such predictions have proved to correspond to stagnancy or to only a small increase in related quantities.

Finally, for the third straight month, predictions on the course of prices continue to point to the possibility of higher industrial prices since the number of industries expecting a rise remain small. It should be noted that in the June survey (as in those of February and October) the enterprises were asked to answer two additional questions. The first concerned predictions on employment and the second concerned their assessment of the tensions causing obstacles in productive activity.

Employment

The predictions on employment were not different than those expressed in February 1986. In both cases almost all industries predicted an employment stagnancy of about the same levels. But the predictions on the causes for obstacles in industrial productivity show substantial changes compared to those given in October. It seems that the large difference is in that percentage increase of industries which state that the insufficiency of working capital is the main factor which prevents expansion of industrial productivity. This percentage from 19 percent in February reached 29 percent in June.

On the other hand, it should be noted that this large percentage increase is due to the corresponding percentage decrease of the enterprises which in October said that their production activity had not met any obstacles. This means a considerable increase in the number of enterprises which, while not facing any problems in the area of demand, are prevented from increasing their production for lack of working capital. The insufficiency in demand is considered a restraining factor by 30 percent of the enterprises--about the same percentage as in October.

The conclusion that can be derived from the aforementioned is that the financing problems are becoming a factor which affects productivity as seriously as it affects demand. In many branches, moreover, and particularly in foods, tobacco and beverages, the lack of moving capital is affecting production more seriously than the insufficiency of demand.

7520

CSO: 3521/216

BASIC UNEMPLOYMENT CAUSES, NEW PROPOSALS DESCRIBED

Athens I VRADYNI in Greek 5 Jul 86 p 15

[Text] The true cure for unemployment is the creation of new productive jobs and not the artificial protection of jobs involving reduced employment. Consequently, an effective long-range handling of unemployment can exist only by way of a rational and consistent policy of growth and investments. A policy that should be based on an increase in productivity, on the control of inflationary pressures, on the improvement of the competitiveness of domestic production, on a return on capital adequate to permit the healthy financing of investments, on the stabilization of the rules of operation of the economy, on the creation of a climate of confidence, on the modernization of outdated structures and rules, and on the removal of the obstacles to the activation of the productive forces of the economy.

These are the firm positions of Greek industry as formulated recently in connection with the work done by the National Council on Development and Planning. These positions will be discussed during the month of July before the government finalizes its decisions with respect to dealing with this problem.

The basic characteristics of unemployment in our country are the following:

1. A continuing and considerable growth in unemployment both with respect to the absolute number of unemployed people and with respect to the percentage of the work force.
2. An unemployment that is victimizing young people and women above all, since the fractional share of these two groups in the total number of unemployed is constantly enlarging.
3. A continuing increase in the duration of unemployment. The percentage of long-term unemployment, from 12 months on up, has almost doubled within the last 5 years and is approaching a level amounting to almost half of the total unemployment.
4. The existence of a significant amount of structural unemployment or frictional unemployment, since despite the increased total number of

unemployed persons, serious shortages are being seen in the labor supply in specialized professional sectors as well as in certain geographic areas.

5. A relatively low fractional share held by women in the work force in comparison to other European countries--something which constitutes a continually expanding source of available labor, with obvious consequences to the future development of unemployment.

Basic Cause and Proposals

The chief reason for the expanding of unemployment is the continuing recession which has characterized the Greek economy in recent years. A low production and a substantial inadequacy of investments have deprived the economy of its chief sources of creation of new and stable opportunities for productive employment.

From the second energy crisis until today, the course of the Greek economy has seriously departed from the trends that have prevailed in other countries of Europe and the OECD more generally, and in the last 3 years at least this course has mirrored the headlong decline in the competitiveness of the Greek economy in the international economic environment.

The following proposals are put forward on the part of industry for dealing with the problem of unemployment:

1. A coupling of job pay with productivity and a decrease in the role of mechanistic regulations, so as to encourage and reward improvements in productivity and to facilitate the greater adjustability of job pay to the prevailing conditions of supply and demand in the labor market.

2. Acceptance of the principle that increasing job pay by way of specific schemes for increasing productivity does not constitute an unconditional violation of income policy, but strengthens the economic policy of the government.

3. Giving the businesses the ability to adapt their labor force to their respective productive requirements. More specifically, the proposal is for the enhancement of the composition of the ASE [Supreme Labor Council] by the participation of representatives of the banks, so that the economic positions and capacities of the businesses can be examined more fully.

4. Encouragement of the implementation of Arbitration Decision 25/1983, which provides for a "fourth shift" in businesses that do not belong to the category of firms in continuous operation, and at the same time a determination of the proper insurance coverage for the 12-hour job.

The "fourth shift" can be implemented:

- Either by the hiring of new workers who, along with the old ones, will form shifts which will be adequate to a 6-day or 7-day operation of the plants. In this case every worker will work 5 days and 40 hours per week.

The prerequisite for this method is a prior understanding reached with each worker whom this affects.

- Or by the hiring of new personnel who will work only on weekends, working 12 hours on Saturday and 12 on Sunday, such that the plants will be able to operate on a 7-day basis.

5. A settlement on the annual time of work. A legislative regulation so as to permit agreements between businesses and unions on the fixing--within the framework of the total annual time of work--of increased or decreased working hours for certain periods of time.

6. We do not agree with the establishment of the practice of part-time employment in the public sector, since according to the common perception this sector does not suffer from a lack of personnel but from the poor utilization of the existing personnel. The proposed practice would inevitably lead to new levels of hiring outside of present-day procedures for normal hiring, with the final result being the absorption of yet other economic resources and the their loss to the developmental sectors of the economy.

On the other hand, the encouragement of part-time employment in the private sector provides substantial possibilities for alleviating unemployment, especially among young people. This encouragement ought to be done within the framework of a dialogue among the three sides, so that the positive use and not the misuse of this practice can be ensured.

7. On the matter of overtime work, the SEV [Association of Greek Industrialists] agrees in principle with the goal of restricting this, but with the following observations:

In periods of extended unemployment, the excessive use of overtime is not socially acceptable, especially as a means of improving the pay of those who already have a secure job.

On the other hand, in a period when priority ought to be given to increasing productivity and to holding down the cost per unit of product, it does not make sense for the ban on the overtime work to lead to unnecessary hirings, especially in the public sector. This would amount to a hidden subsidizing of unemployment, with a permanent character and at a high cost.

8. The prohibiting of employment to retired persons in the public sector--which considered in its entirety is seen to have a surplus of personnel--can be introduced by way of the rules on hiring which now prevail. A complete ban on the employment of retired persons in the private sector is possibly contrary to the constitutional dictate on the free development of the personality and of participation in social and economic life, as well as contrary to the right to hold a job.

9. The institution of early retirement is of particular interest in this phase of our economy. But the specific scheme proposed does not offer much

hope of success. The worker has no substantial incentive to go along with this. We believe that after having a dialogue on this it may be possible to find a scheme that will serve the needs of the three sides in the best possible way.

10. Retraining in new skills for workers who are connected with declining specialties or businesses and who will have to be laid off: There should be a subsidizing of these workers for the purposes of retraining in new skills having a greater demand, but they should retain most of their pay for whatever period is needed, up to a maximum of 24 months. Some 50 percent of this pay is to be defrayed by the employer, and 50 percent by the OAED [Labor Force Employment Organization]. It should be noted that such programs have priority in connection with the aid which the EEC grants via the Social Fund.

12114

CSO: 3521/207

BRIEFS

GOLD RESERVES DOWN--The Bank of Portugal's gold and foreign exchange reserves dropped 75 million contos during the first 2 months of this year. According to figures released by the central bank on 28 February, gold and foreign exchange reserves reached the level of 938 million contos, 7.4 percent less than on 31 December 1985 when the reserves were at a level of 1013.4 million contos. The bank's total currency exchange reserves decreased by 7.35 percent during the same period, dropping from 1061.9 million contos on 31 December 1985 to 983.8 million contos on 28 February of this year. During the period being analyzed, the Bank of Portugal's gold and foreign exchange reserves amounted to 95.4 percent of the total reserves of the central bank. Bank notes in circulation during this period also showed a decline. Whereas on 31 December 1985 they had risen to a total of 351.3 million contos, on 28 February 1986 they had declined to 326.2 million contos (7.69 percent less). According to information released by the Bank of Portugal, deposits and checking accounts held by the country's residents also showed a tendency to drop: From 352.7 million contos on 31 December 1985 they decreased to 307.9 million contos in February of this year. This is a decrease of 12.7 percent. /Text/ /Lisbon DIARIO DE NOTICIAS in Portuguese 23 Jul 86 p 2/ 8568

CSO: 3542/138

AIR FORCE APPOINTMENTS ANNOUNCED

Rome IL TEMPO in Italian 10 Jul 86 p 19

[Article: "And General Piovano Named to OTO Melara"]

[Text] On orders of general Basilio Cottone, Chief of Staff of Military Aviation, a series of changes was ordered at the top level of that organization. First of all, it includes the taking over by [general di S. A.] Cesare Gazzine (1928) presently commander of the Military Aviation school, under the command of the Fifth ATAF (Allied Tactical Air Force), replacing General Gioacchino Papacchini, who leaves the service because of having reached mandatory retirement age. The squadron general to lead the Commando School (Guidonia), replacing general Fazzino, has not yet been nominated. There also is a "changing of the guard" in the office of the Vice Commandant for Training: General Marcello Caltabiano is to be sent to the General Staff and will be replaced by General Giovanni Cavatorta, formerly deputy commandant of the I Air Region (Milan). The latter post is being taken over by General Pietro Lorenzo Giordo, who until now has been chief of Staff of the said Air Region.

General Giuseppe Degli Innocenti, former inspector of aviation for the navy, was named to command the Air War School (Florence). General Degli Innocenti will replace air squadron General Lucciano Meloni (1933), recalled to Headquarters pending another assignment. General D. A. Vincenzo Manca, currently head of the Fifth Headquarters Division, will be the new inspector of aviation for the Navy.

Also, General Cottone nominated General Armando Vannucchi, until now director of his own private research office, head of the Fifth Headquarters Division. Because of the political crisis, the commitments of the new government, and the impending summer vacation period, it is assumed that Minister Spadolini will confirm General Cottone (who reaches mandatory retirement age on the 19th of the current month) for a period of 60 days, until somewhat after the Acrobatic Patrol of the "Tricolored Arrows" returns, on 16 September, from a tournament in the U.S.A. After the assignments mentioned above, selection of the head of the Military Aviation Headquarters will be limited to the air squadron generals, Michele Sicoli and Franco Pisano.

Finally, it has been learned that the Board of Directors of OTO-Melara, an industry of the Efim group specialized in missiles, armed vehicles, and artillery, will meet tomorrow to approve the nomination of General Giuseppe Piovano to the post of vice president, with responsibility for overseeing exports. Until a few months ago, when replaced by Admiral Porta, he was general secretary for Defense and National Director for Armaments.

OFFICIAL DEPLORES 'ANTIMILITARY CAMPAIGN'

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Jul 86 p 5

/Text/ "The greatest difficulty now confronting the Army is 'one of a psychological nature' stemming from 'an antimilitary campaign being waged by sectors capable of molding public opinion " said General Salazar Braga, the Army's chief of staff, yesterday at a ceremony commemorating Army Day.

Salazar Braga spoke before an assemblage of troops on parade composed of the 1st Infantry Regiment, the Lisbon Artillery and Lancer regiments and a division of commandos. Defense Minister Leonardo Ribeiro de Almeida, Marshal Antonio de Spínola and Jaime Gama, chairman of the Parliamentary Defense Committee, were also present at the ceremony commemorating Army Day.

Salazar Braga spoke at great length about what he termed "the lack of understanding to which the Armed Forces have been subjected in recent years." He then went on to say, "Unfortunately, their indispensability and virtues are not always recognized and, for that reason, the Army is at times badly misjudged by some and impugned by others."

However, "the military is not driven by ambition for power or the desire to command," thus repudiating, "head on and vigorously, the concept that, within the state, there is or could be a military regime in opposition to a civilian regime."

Speaking of another aspect of the problems confronting the Army--that of material difficulties inherent in the need for modernization--Salazar Braga pointed out that these difficulties, "easier to overcome," are now being recognized by the administration. "The president of the republic has already spoken of the need to provide the Armed Forces with whatever means are necessary to accomplish their mission in an efficient manner" and the report of the Parliamentary Defense Committee on the military budget for 1986 "was a pertinent and objective indication of the difficult situation which the Army is now experiencing."

In conclusion, Salazar Braga asserted that the solution of these difficulties depends on "the creation of an Army which is not subject to party quarrels, one which is efficient and united."

The program commemorating Army Day was concluded with the awarding of medals to 12 members of the military and 12 civilians who had performed outstanding service on behalf of the Armed Forces and the inauguration of an exposition featuring photographs and military equipment.

DETAILS ON 'ALBATROZ 86' JOINT MANEUVERS

Military Exercise Begins Today

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Jul 86 p 4

/Text/ Albatroz 86 is the name given to a military exercise being carried out between now and Monday along the coast extending from Lisbon to Algarve and involving the participation of 2,000 men from the three branches of the Armed Forces.

Saturday, Marinhã Beach will be the scene of an amphibious assault by the men engaged in the exercise combined with an operation involving a company of paratroopers.

The following have been assigned to take part in this coordinated operation: various Air Force units, one reinforced battalion of riflemen, one group of special deep-sea divers and a naval force composed of one frigate, five corvettes, one squadron supply ship, one transport ship, two landing launches and one submarine.

The purpose of the exercise is to perfect aeronaval cooperation procedures and, especially, the "planning and coordinated direction of this operation as well as to evaluate the capability of logistic means for supporting the operation," according to a communique from the Armed Forces General Staff.

Rear Admiral Machado da Silva, second commander of the Continental Naval Command, will be directing the operation.

Amphibious Assault Concludes Operation

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Jul 86 p 3

/Text/ Yesterday, with the participation of about 2,500 men from the Air Force and Navy, Albatroz 86, the coordinated military exercise, was concluded in the form of a simulated amphibious assault and subsequent occupation of the Marinhã Beach area in Algarve.

Defense Minister Leonardo Ribeiro de Almeida and Jaime Gama, chairman of the Parliamentary Defense Committee, journeyed to the site to witness the operation, accompanied by a number of high officials of the Armed Forces.

Rear Admiral Machado da Silva, this year's official coordinator of the exercise, told the news media that the setting chosen to simulate the start of a conflict and its development in terms of a "conventional war" is based on a "very possible hypothesis."

According to a document drawn up by the Continental Naval Command, there is an initial cooling of political relations between Portugal and a hypothetical aggressor; with the aid of privileged relations with a "north African country," the aggressor ends up occupying the Algarve area between Olhao and Odeceixe.

Therefore, the objective of the amphibious assault would be to conquer and set up a "beachhead" in order to make it possible for troops to land en masse and re-establish sovereignty over that part of the national territory.

After an initial phase of "detailed planning by members of the Navy, Air Force and landing troops (riflemen), the Army entered the picture with the embarkation of personnel and equipment, leaving Lisbon between 21 and 23 July.

Between 23 and 26 July, the Navy, charged with integrating the operation, passed by the country's southeast coast and was "threatened en route by both surface and submarine fire" followed by "aerial attacks by a squadron of FIAT planes directed by a C-212 plane equipped with electronic war devices."

Succeeding in counteracting or escaping from the "attacks by enemy forces," the Navy reached the Marinhã Beach area yesterday and dispatched diving teams to clean up the access areas to the bay and deactivate any mines which might have been placed on the beach; it then proceeded to "bombard the invaders' positions."

The way was thus opened for the beginning of more spectacular operations, such as the landing of hundreds of naval riflemen and the launching of a company of paratroopers who "ended up recapturing the invaded territory and dispersing the occupying forces."

Tomorrow's program calls for the simulation of a number of "supplementary operations" as part of the final phase of the "Algo-atroz 86" / "Something atrocious" as the exercise is humorously referred to by some of the troops involved.

On 28 July, both troops and equipment will be boarded for the return trip to Lisbon, the operation thus being terminated.

The principal objective of the Albatroz 86 exercise is to develop the combined operational capability of the Air Force and Navy, particularly in the areas of the planning and performance of the ground forces. Moreover, the exercise will make it possible to "test and evaluate the readiness and efficiency of the commandos and mobilized forces" and ascertain the capability for response of the news media and logistic support organizations.

Albatroz 86 is part of an exclusively national training program and is in no way connected with programs being carried out by NATO forces, according to its coordinator, Rear Admiral Machado da Silva.

The financing of the exercise came from the ordinary budget allocated to the Armed Forces, each of the participating branches defraying the expenses of its own activities.

8568

CS0: 3542/138

NORTH SEA OIL TO COVER HALF OF CONSUMPTION NEED BY 1988

Copenhagen BERLINGSKE TIDENDE in Danish 1 Aug 86 Sec III p 2

[Article by Jesper Elle and Jorgen D. Simonsen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Danish Underground Consortium now estimates that the production of oil and gas in the North Sea will cover 80 percent of Denmark's oil consumption 2 years from now. The low oil prices have hit the entire offshore industry hard.

Production of oil in the North Sea will cover more than half of Denmark's oil consumption needs in 1988, according to the latest estimates made by the Danish Underground Consortium (DUC).

In September DUC will start developing the Dan field, which will provide work for 400-500 men in the North Sea at times and the next phase will be development of the Skjold field at a cost of 400 million kroner.

If the Skjold project proceeds as planned, another well will be in production by the beginning of October 1987. For that reason DUC has increased its estimate of the amount of oil available in 1988 to 5.5 million tons.

If we add in gas production that is the equivalent of 2.5 million tons of oil, this will take care of 80 percent of Danish oil consumption and 43 percent of Denmark's total energy consumption.

Little Appetite

Production in the British fields in the North Sea fell in June to the lowest level in 3 years. Production in June amounted to 2.2 million barrels of oil, compared to 2.5 million in May.

Royal Bank of Scotland said in a survey that declining oil prices threaten the future development of the North Sea.

It is now estimated that unless oil prices rise again, development of the British fields will shut down altogether in the early 1990's.

In the Norwegian sector of the North Sea it is estimated that around 2,000 rig workers will lose their jobs before the end of the year unless there is a drastic increase in oil prices. Peter T. Smedvig, chairman of the Norwegian rigowners, said that half of 41 Norwegian-controlled drilling rigs will be out of work if the low prices of oil continue until the end of the year. Two Norwegian rigs--Dyvi Beta and Dyvi Epsilon--are in mothballs in Kristiansand. The latter worked most recently for Amoco in the Danish sector.

Declining oil prices have caused the entire oil-drilling industry to lose its appetite for new drilling jobs, especially under the really costly and difficult conditions north of Norway, and hardly a day goes by without even modern drilling rigs becoming idle.

Short Contracts

"The daily rates for jack-up units are laughable just now, around \$10-12,000 a day in the North Sea," said Magne Reed, administrative director of Dyvi Offshore.

At the same time the A. P. Moller shipping company is towing one of the world's biggest and most advanced drilling rigs, Maersk Guardian, from the Japanese shipyard Hitachi Zosen Corporation to the North Sea.

The shipping firm, which controls 35 drilling rigs on a global basis, will take over the new rig in the North Sea area at the end of September.

We asked what the work situation was like for the shipping firm's drilling rigs.

"We do not wish to comment on the situation as far as individual rigs are concerned, but of course we are also affected by poor market conditions with declining employment, short contracts and lower rates," said shipowner Ib Kruse of the A. P. Moller Company.

"Nor do we wish to comment on employment conditions for rigs owned and administered outside Denmark. The rigs controlled by Maersk Drilling of Copenhagen have varying types of employment. However some have waiting periods before they start work on new contracts and at this time new contracts are normally quite short-term in nature, often covering only one or two drilling jobs," Ib Kruse said.

Maersk Guardian is a sister rig to Maersk Giant. Each unit cost around 450 million kroner to build.

Another drilling rig, Ross Rigg, which cost \$70 million, is also on its way on the trip of 11,400 nautical miles from the Mitsubishi Industries shipyard in Hiroshima. It will probably go directly into storage in Sandefjord when it arrives.

Can Handle Anything

The two Maersk drilling rigs are among the world's biggest jack-up rigs with legs 157 metters in length. It is a design that can tolerate wind speeds of up to 90 knots and waves as high as 30 meters. Therefore the rigs can operate in areas where jack-up drilling rigs were previously unheard of, in such places as the ocean south of Australia, the Sea of China and localities where tropical storms are a daily occurrence, in addition to the North Sea.

The body of the Maersk Giant weighs 18,700 tons and it is 90 meters wide, 84 meters long and 9.5 meters high. The residential area can house 94 people. As there are often service people on board, extra room is needed. The rig is normally manned by a crew of 31 people.

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CSO: 3613/179

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Sept 25, 1986